

OVERSEAS NEWS

Israeli troops 'massed along Lebanon border'

BY DAVID LENNON IN TEL AVIV

ISRAEL'S army Chief of Staff, Gen Rafael Eitan, confirmed yesterday that Israeli troops are massed along the Lebanon border. But he tried to cool speculation that they are about to launch a major operation against Palestinian guerrillas.

"We have concentrated troops on the northern border and they are on alert, but this does not mean we plan to go and clean the terrorists out of Lebanon," he told the Israeli newspaper, *Yediot Acharonot*.

The general gave no details of the military build-up. Reports from Beirut have said two Israeli divisions have been moved to the coastal town of Nahariya, just south of the frontier.

The Cabinet appears to be divided on what action to take following Palestinian shelling of north Israel. The shelling, the first since last July's ceasefire in South Lebanon, was in retaliation for Israeli air raids on Palestinian Liberation Organisation (PLO) camps.

According to the Israeli press, hardliners who would like a large-scale campaign to break the PLO's military backbone, have run into strong

opposition from some Ministers.

The U.S. has been making strenuous diplomatic efforts to prevent a major conflict. Mr Philip Habib, President Reagan's special envoy who arranged last July's ceasefire, is returning to the region and Mr Ariel Sharon, Israel's Defence Minister, who is one of the Cabinet hawks, has been invited to Washington for talks.

Most of the Israeli press has also been urging restraint. The *Jerusalem Post* said it appeared that Mr Menachem Begin, the Prime Minister, was not allowing himself to be stampeded into "a war that at least half the Knesset (parliament), half the government, and half the people, would not understand."

Gen. Eitan told *Yediot Acharonot*, however, that he doubted there would eventually be any alternative to a military confrontation with the guerrillas.

The PLO says the ceasefire only applied to cross-border action. Mr Begin yesterday called this an "absurd interpretation" and reiterated that Israel was insisting on a total halt to guerrilla activity.

Spain's jobless total to rise, says OECD

BY TERRY DODSWORTH IN PARIS

SPAIN'S unemployment is likely to intensify this year despite a growth rate of about 2.5 per cent. The Organisation for Economic Co-operation and Development says in its annual report on the economy.

The unemployment rate, expected to rise to 16 per cent from 15 per cent at the end of last year could, however, begin to come down next year, says the OECD.

Following this year's expected growth in gross domestic product, and a higher expansion rate of 3.5 per cent forecast for 1983, output should be strong enough to raise the overall level of employment during 1983, but the OECD secretariat expects job cuts to continue until the end of this year.

The report says that the country's economic development in 1981 was disappointing, with slow growth, one of the highest unemployment rates in the OECD area, persistently high inflation and a significant current account deficit.

It adds that the process of correcting imbalances in the economy was carried forward during the year. In particular, it singles out the better control established over wages, and the continued slow down in unit labour costs.

Spain's competitive position had also benefited from the

depreciation of the peseta against other currencies, leading to improvements in export, while the problems of imported oil costs had been tackled by more appropriate pricing and conservation measures.

Consumer price increases could fall to 13.25 per cent against 14.6 per cent in 1981. Investment is also expected to rise slightly this year, from 2 per cent to 3.5 per cent.

A slight reduction in relative export prices could lead to a reduction in the trade deficit from \$10bn (£5.48m) in 1981 to \$9.5bn this year. At the same time, tourism is expected to remain buoyant with its positive trading balance going up by \$500m to reach \$6.2bn.

As a result of these better performances in tourism and exports, the current external deficit on the balance of payments is likely to drop to \$3.2bn from \$5.5bn.

• Inflation continued its recent downward trend in March in the 24 member states of the OECD, the organisation said today. Consumer prices in the OECD group, which embraces the major non-Communist industrialised countries, rose 8.3 per cent in the year to March, after rising 9.1 per cent in the year to February and 10.8 per cent in the year to March 1981.

Reuter reports from Paris.

Leaked document reveals Ottawa's plans on press

BY VICTOR MACKIE IN OTTAWA

A CANADIAN Cabinet document leaked on Friday, and which appears to be genuine, recommends that the Government take no retroactive action against the country's two major newspaper chains, Southam Incorporated and Thomson Newspapers Ltd.

The document, made public in the Commons by Perrin Beatty, a Conservative, indicated the Federal Government has no intention of implementing the most controversial recommendations of the Kent Royal Commission on newspapers.

That Commission, headed by former editor Tom Kent, was set up to study corporate concentration in the newspaper industry in the wake of the 1980 closing of Thomson's Ottawa Journal newspaper and Southam's Winnipeg Tribune.

In the Commons Mr Pierre Trudeau, the Prime Minister, invoked the doctrine of Cabinet secrecy and refused to answer questions.

While it avoids a direct confrontation over newspaper ownership, the Cabinet docu-

ment calls for increased control of the media through the power already vested in the Canadian Radio-Television and Telecommunications Commission (CRTC) and the Restrictive Trade Practices Commission (RTPC).

In a back-handed compliment, the document states the Kent Commission's basic findings were correct. But it dismisses many of its recommendations as either unconstitutional, politically unacceptable or simply wrong-headed.

The document, dated March 31, recommends much softer measures than those suggested by the Commission, including that no owner be allowed in future to control more than 20 per cent of national newspaper circulation, and that no retroactive action be taken against Southam, which controls 28 per cent of the Canadian market, or against Thomson, which now boasts a 21 per cent market share. But their size would be frozen if the papers sold individually if the chains were ever offered for sale.

NZ's current account deficit worsens by 60%

BY DAI HAYWARD IN WELLINGTON

FALLING PRICES for New Zealand wool, higher import costs and a 25 per cent jump in the deficit on the services account contributed to a current account deficit of NZ\$1.14bn (£500m) for the year ended in March—a worsening by almost 60 per cent of the deficit of NZ\$716m recorded for the previous year.

The increased costs for imports and invisibles more than wiped out the 14 per cent rise in export sales which total

British Petroleum pulls out of Finland

By Ray Daftor, Energy Editor

BRITISH PETROLEUM is pulling out of Finland. It is selling two loss-making marketing operations to the Finnish state-owned oil company, Neste Oy. The deal is estimated to be worth £5m.

BP said yesterday that it had signed a letter of intent to sell its 100 per cent shareholding in the Finnish companies, BP-Petco and Suomen BP.

The deal forms part of a rationalisation of business interests by BP, whose chairman, Mr Peter Walters, has announced a widespread programme of changes aimed at making the group "leaner and fitter."

But the two Finnish companies employ about 220 people. Last year, when they made an undisclosed trading loss, their combined turnover—excluding tax—totalled £160m. This compared with BP's gross revenues worldwide of £31.4bn.

BP began operations in Finland in 1960 but it has never gained a strong marketing foothold. Its interests include 50 petrol stations and its two companies hold total market shares of between four and 10 per cent in the various oil product sectors.

Under the sale arrangements, Neste will retain both BP-Petco and Suomen BP as wholly-owned subsidiaries. In addition, Neste will continue to market BP's chemicals and lubricants in Finland.

At the same time, BP will provide services to Neste in support of its aviation fueling operations and the sale of BP lubricants.

Earlier this month, Mr Walters told shareholders that BP would continue its rationalisation programme which had so far involved the announced closure of several oil refineries representing almost a quarter of the group's European processing capacity and the withdrawal from unprofitable markets.

The decision on nerve gas production, which was passed with a majority of only four votes, concluded more than 20 hours of heated debate in which the senators took a stand on a number of other highly contentious issues.

These included the future of the MX intercontinental strategic missile programme, the Administration's plans to concentrate naval development on giant nuclear-powered aircraft carriers and the long-running contest between Boeing and orders to provide the U.S. Air Force for up to \$8bn of Force with 50 heavy long-range transport aircraft.

The overall figure for the military budget was \$5.5bn below the Administration's initial request, in line with the agreement reached last week by the White House and the Senate's budget committee.

The only major rebuff for the Administration was in the Senate's decision to opt for the Boeing 747, rather than the projected Lockheed C5B air transport.

Amendments to stop the MX missile programme and design a new missile with a mobile basing system and to divert naval funds from nuclear carrier construction to cheaper and smaller conventional warships were decisively defeated.

The government—attributing the need for devaluation to export problems, in particular the reduction in earnings from crude oil—promised a package of complementary economic measures. That is to include export incentives, changes in policies on subsidies for imports and prices in the shops, help for agro-industrial projects.

The ban on importing vehicles is expected to stay in force, but there may be a new tax on luxury goods. Another important item is the reduction and rationalisation of public spending.

Though some sectors accepted the devaluation of the sucro as inevitable, others were highly critical. A trades union leader said labour would have to take steps to halt the government's unpopular policies, and threatened a national strike. However, the package in part reflects demands from the private sector, which is heavily indebted abroad and has been pressing for coherent measures to help exporters and local industry.

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Reuter reports from Paris.

Charles Smith adds: Construction of the prototype Monju

reactor marks the beginning of the second stage in Japan's development of fast-breeder reactors. The Joyo test reactor had 10,000 hours of operation by the end of last year. PNC plans to build the Monju reactor (named after a Buddhist holy man) have been public for at least seven years. Construction has been frequently postponed.

• Nippon Electric, a leading

telecommunications and electronic computers, has developed a new material which can absorb high-frequency radio waves used in radar and microwave radio communications, the company said yesterday.

The ferrite radio wave absorber was developed for use in the private sector, but can be diverted for military purposes, such as to evade radar screening, the company said. It was jointly developed with the Japanese Defence Agency.

The U.S. government has already expressed interest in a similar material being developed by TDK Electronics, another Japanese company. The U.S. military is reported to be interested in material to stop radar detection of its Stealth bomber, now being developed.

Nippon Electric plans to introduce the product to the market later this year at \$100,000 (£230) to \$150,000 (£345) per square metre. Use of the material on buildings, towers and telecommunications facilities will be highly effective for eliminating ghost signals, improvement of transmission quality, and preventing the generation and scattering of unwanted radio waves, the company claimed.

AP-DJ

FRANCO-BRITISH TALKS THIS WEEKEND

Cheysson sets harsh opening tone

BY DAVID TONGE IN LONDON AND DAVID HOUSEGO IN PARIS

FRANCE'S Foreign Minister, M. Claude Cheysson, arrived in London yesterday to set off a long weekend of Franco-British talks which have taken on particular importance as the row over reforming the EEC budget and raising EEC farm prices has come to a head.

M. Cheysson set a harsh opening for his visit by regretting that French-British rapprochement had not progressed and accusing Britain of not appreciating the solidarity which the EEC had shown Britain over the Falklands crisis.

In an interview with the BBC he said: "I don't think that often in history one has seen such solidarity as expressed to the British—rightly, rightly, immediately after the Argentine invasion."

But he also said: "Strangely enough, the most impressive part of Community solidarity does not seem to have impressed your people that it has much to do with your presence in the Community."

British Ministers were particularly struck by this remarks as they came just before a weekend when senior officials of the Ten are meeting to discuss extending the EEC's



Today, M. Pierre Mauroy, the French Prime Minister, is due to fly to Edinburgh to meet Mrs Margaret Thatcher, his British counterpart, at the annual meeting of the Franco-British Council, which is designed to build up the links between the two countries.

They are scheduled to have 30 minutes of talks before a formal dinner.

Then on Monday, M. Francois Mitterrand, the French President, is to fly to a working lunch with Mrs Thatcher in which he will discuss the Versailles economics summit of seven major Western countries, due on June 4-6. M. Mauroy, who is spending Sunday privately, is due to attend the talks.

M. Mitterrand has left Britain until last in his consultations with the other countries attending the Versailles summit, as the Elysée consider Britain as France's most prickly European partner.

The mood in Paris today contrasts sharply with the President's view on taking office that he wanted close relations with Britain to counterbalance France's traditional close links with West Germany.

Cuba wins hearts on its Island of Youth

By William Chiatté recently in Havana

"THERE ARE no guerrilla camps here or military training. Ideological study is much more important," said Sr Waldo Garrido, the director of the Cuban school on Cuba's Island of Youth. Here, 10,000 students from Africa and Latin America receive a Marxist-Leninist education; Sr Garrido curtly dismissed the claim that the island is a base for exporting revolution.

Cuba's President, Sr Fidel Castro, has long been accused in the West, particularly by the U.S., of training foreign guerrillas. But whatever military training takes place does not appear to occur in the schools.

A much more subtle warfare is being waged among the idyllic island's groves of pines and grapefruit—which were the setting for Robert Louis Stevenson's famous novel "Treasure Island." Young hearts and minds are being won over to the Cuban cause through textbooks, pot guns.

Apart from 570 Nicaraguans, there are students from Angola, Mozambique, Ethiopia, the Congo, Guinea Bissau, Sao Tome, Western Sahara—the part of the Sahara where the Polisario Front is fighting against Morocco—and refugees from Namibia and South Africa.

The students, aged between 12 and 20, study for up to six years.

Secondary education, with special emphasis on the sciences, is taught by Cuban teachers, but classes in the history, geography and political ideology of each country are given by native teachers. Students are also kept in close contact with their countries through visits from their political leaders when they come to Havana, as well as the latest propaganda from their embassies.

The first school, for Mozambique, was started in 1977 as a central part of the President's policy of "international solidarity" with friendly countries, particularly the emerging African nations. Cuba still has a large military presence in Angola and Ethiopia, maintained at a high cost to the shaky Cuban economy. There are also Cuban engineers, doctors and teachers abroad.

"We are forming a real international community," claimed Sr Eduardo Modlane, the director of the Mozambique school, who said Cuba paid for the schools. A slogan in the school proclaimed "every internationalist is a Communist."

The schools reflect the tremendous importance placed on education in Cuba, which is free, and on the youth in general.

One of Sr Castro's latest slogans, "Young people will be the constructors of Communism and the forgers of the new world," greets visitors to the Island of Youth.

Sr Castro and a small band of followers were imprisoned on this island for 18 months after they attacked the Moncada barracks in 1953. They were later granted amnesty and Sr Castro went into exile in Mexico from where he launched his revolution.

Prisoners are now a museum. Most of those imprisoned with Castro are still the central figures in Cuba today.

The speed with which Cuba is establishing solidarity with other countries is exemplified by the Nicaraguan school. It is the only one from Latin America, a region still dominated by Right-wing military dictatorships. There was a school for the nearby Caribbean island of Jamaica, but it was closed by the conservative Seaga Government after the Socialist leader Mr Michael Manley lost last year's general election.

The Nicaraguan school was started just six weeks after the Sandinistas' victory over the

rule of General Somosa in 1979. Cuba played an important role in helping the Sandinistas.

The school, which overlooks the circular prison, is named after Carlos Fonseca, the Sandinista ideologue who was killed 20 years ago. The day starts with the Sandinistas' hymn, followed by five classes of 45 minutes each before students work in the surrounding countryside. "We want producers as well as consumers," said Sr Garrido.

Pictures of Nicaragua's leaders adorn the school walls, along with posters and slogans.

The schools are undoubtedly winning Cuba a lot of friends among people who will have an important role to play in their countries.

Dutch doubts persist

Queen Beatrix of the Netherlands was last night still considering whom to appoint as mediator between her country's funding political factions, following Wednesday's break-up of the ruling Centre-Left coalition. Walter Ellis, reports from Amsterdam.

Australia's current account deficit over the last 10 months of 1981-82 was A\$1.5bn (£8.05bn), more than twice the figure for the equivalent months of 1980-81. But there was a record capital inflow of A\$2.0bn (£11.95bn) in April.

Australian unions' national wage claim rejected

THE FALKLANDS CRISIS

Angry reaction in Buenos Aires to Reagan view

BY JIMMY BURNS IN BUENOS AIRES

RELATIONS BETWEEN Argentina and the U.S. deteriorated further here yesterday as local officials reacted angrily to President Ronald Reagan's judgment on the Falklands crisis in a news conference televised nationwide on Thursday night.

By yesterday afternoon, there were no official reactions from either the Foreign Ministry or the joint chiefs of staff on the President's statements. But privately government officials said that it had left "a very bad impression" on Argentina.

They pointed out what they saw as the contradiction between Mr. Reagan's claims that U.S.-Argentine relations had not suffered irreparable damage as a result of the crisis, and his condemnation of Argentine intransigence.

Buenos Aires has always insisted that it is the British Government's lack of flexibility that has stalled a peaceful settlement. The Foreign Ministry believes it has already gone far enough in New York by agreeing not to make its sovereignty a pre-condition to the start-up of negotiations with Britain. The modification of a previous insistence on an unqualified recognition of Argentine sovereignty by Britain has already provoked angry reactions in Buenos Aires from the more hawkish members of

the military who fear a "sell-out".

Mr. Reagan's statements on Thursday night have been interpreted as a reaffirmation of the U.S. alliance with Britain to the detriment of a closer relationship between Washington and Buenos Aires.

The anti-U.S. mood was expressed in a banner headline in yesterday's edition of *Convención*, which has close links with the navy. Against a black background on the front page referred to Mr. Reagan's support for "Mrs Thatcher's angel of death".

The extent of anti-U.S. feeling is believed to have been fully gauged during a secret two-day visit earlier this week to Buenos Aires by General Vernon "Dick" Walters, one of Mr. Haig's closest associates.

According to military officials quoted by the pro-Government newspaper, *La Nación*, yesterday, Gen. Walters met President Galtieri and the two other members of the junta.

He had not come to put "pressure on the junta," according to the officials, but to try to ensure continuing Argentine flexibility aimed at a peaceful settlement. The junta is believed to have interpreted Gen. Walter's visit as an intentional counterweight to the support given to Britain publicly by the Washington Administration.

The Quai d'Orsay makes mock of the FO mandarins

BY DAVID HOUSEGO IN PARIS

M CLAUDE CHEYSSON, the French Foreign Minister, is reported to have warned his officials to note British misjudgments in the handling of the Falklands crisis.

In particular, "he has drawn their attention to the 'self-importance' of the old imperial power, the basic instinctive contempt for proposals put forward by Latin Americans (fusilli foreigners), the technocratic reaction in the

face of uncomfortable information, and the evident desire of the Foreign Office not to allow the vulgar public, and the no less vulgar politicians, to get mingled with their sophisticated reasoning."

The Foreign Minister's alleged comments were reported yesterday in the weekend magazine section of the newspaper *Figaro*, which published what it claimed to be

a photo-copy of a confidential internal memorandum on the Falklands crisis. The memorandum was itself a comment on an analysis by the head of the American department at the Quai d'Orsay, entitled: "The Falklands: the lessons of fiasco." The Quai has declined to comment on any leak.

Given M Cheysson's record of gaffes, his remarks in a document not intended for

public consumption are less indiscreet than might have been supposed. But they do show the Quai to be sharply critical of the Foreign Office's analysis, and of the British Government's response.

M Cheysson says in his note he does not endorse "all the judgments" of M. Bernard Dorin, his senior official. The minister says that the reaction of Mrs. Thatcher to the invasion of the Falklands was

"perhaps exaggerated," but that it was not premature and that the instantaneous response of the European partners of the EEC and Norway in circumstances painful for some—Germany and above all Italy—was of considerable value.

The head of the Quai's American department is far more severe in his judgment. He says the British lived mistakenly in the certain

belief that the Argentines "would never attack the greatest power of the last century." He accuses London of spinning out the negotiations with Buenos Aires.

The fleet sent to the Falklands, he describes as "out of proportion to the object of the quarr."

The analysis is dated April 22 and M. Cheysson's reply April 27.

Trenchard condemns BBC radio 'inferences' over the Sheffield

BY IVOR OWEN

STATEMENTS MADE in a peak-time BBC radio programme containing "obvious inferences" that HMS *Sheffield* could have been saved had it been fitted with the Sea Wolf anti-missile system were condemned by Lord Trenchard, Minister of State, Defence Procurement, in the House of Lords yesterday.

Lord Orr-Ewing (Con), a former Admiralty Minister, led this latest attack on the BBC's coverage of the Falklands crisis by protesting that an item in the Today programme broadcast at seven and eight o'clock on the morning of May 11 had been "laced with innuendoes" which showed "distrust of the Government and mistrust of its missile policy".

Impracticable

Lord Trenchard said he regretted that the inferences had been broadcast "four times over" and that no efforts had been made by the BBC to check the position with the Ministry of Defence.

Nor had the BBC so far broadcast a statement issued by the Ministry following the programme, he added.

Dealing with allegations that the Ministry of Defence could have authorised the fitting of Sea Wolf to HMS *Sheffield* and other type 42 destroyers, he stated that this had been considered over 10 years ago and again some five years ago.

Sea Wolf had never been incorporated in the design of Type 42 destroyers in addition to Sea Dart.

It was also true, he said, that to fit both the Sea Wolf and Sea Dart systems on the same ship Lord Trenchard stressed that the Sea Wolf system was deployed with the task force in Type 22 frigates.

Replies to a further question from Lord Orr-Ewing, the Minister said it had so far been judged that it would remain impracticable to fit Sea Wolf with the new light-weight tracker radar, to Type 42 destroyers in addition to Sea Dart.

"I think he should be very glad of the Parliamentary immunity and tolerance which is extended to him," he said.

Death threats to Reuters

REUTERS news agency, whose main Latin American office is in Buenos Aires, is keeping under review its operation in Argentina, following three death threats which were received at the office by telephone on Thursday, writes Hugh O'Shaughnessy.

The office is now principally staffed by non-British personnel. British journalists and executives were evacuated last week. The Reuters office was under spasmodic police guard on Thursday and Friday. The Argentine Government has offered police protection to those foreign journalists who seek it.

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In indignant terms, Lord Hallsham, the Lord Chancellor, recalled that Lord Jenkins had recently accused the Government of "murder."

He suggested that Britain needed to be careful that it did not move into the sort of society which it was now opposing in Argentina.

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Finance houses go out of business in Argentina

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

AMIDST inconsistent reports that a score or more of Argentine finance houses are in serious difficulties, the Argentine Central Bank put one deposit-taker into liquidation and appointed a manager to another on Thursday.

The Co-operativa de Credito Rio de la Plata has been compulsorily wound-up and Traminda has been effectively taken over by the authorities. Both companies are based in Buenos Aires.

About 14 financial institu-

tions have gone out of business or have been taken over by the State in the past few days. Press reports differ over the exact number.

The principal cause of difficulties has been competition among banks and deposit-takers for funds and a consequent interest rate war, combined with borrowers' repayment difficulties. Proponents of the Government add that the system of giving Central Bank guarantees to depositors, which is

slowly being dismantled has led

imprudent financiers to make reckless loans.

The Government announced on Thursday that it has suspended "for the moment" the de-nationalisation plans which had been one of the main policy objectives of Dr. Robert Altmann, the Economy Minister.

In his first message to the country after assuming the Presidency in December, Gen. Leopoldo Galtieri announced that a de-nationalisation plan would be put forward within 120 days. The Government has been

trying to reduce what it considers an excessively large public sector and to block the drain on public resources caused by loss-making public companies.

Also, the Government has increased taxes on cigarettes from 70 to 75 per cent, on cigars and tobacco from 16 to 20 per cent, on whisky from 37 to 45 per cent, and on other spirits from 24 to 30 per cent.

Meanwhile, it appears increasingly likely that the authorities will announce ways to try to avoid an impending suspen-

sion—as a result of the British task force's exclusion zones of insurance cover on merchant vessels calling at Argentine ports.

The authorities are studying ways to allow the Argentine Ministry to extend cover to merchant vessels and thus avoid the risk of maritime foreign trade being totally suspended by the end of this month. Lloyds of London has announced it

will then review marine policies will announce ways to try to avoid an impending suspen-

UK NEWS

BCal given go-ahead for Gatwick to Geneva run

By James McDonald

THE Civil Aviation Authority has granted British Caledonian Airways a 10-year licence, with immediate effect, to operate scheduled services between Gatwick Airport-London, and Geneva.

The authority said yesterday the service will be a valuable addition to Gatwick's international route network, in line with its policy of encouraging the airport's development.

It believed there was a "reasonable prospect" that the service would cover BCal's direct operating costs in the first year and subsequently become fully profitable.

The authority accepts that the service will divert some business from British Airways' corresponding Heathrow flights. "But this has to be balanced against the gains to consumers and to Gatwick Airport."

British Airways yesterday officially began its "economic" services for the Scottish Highlands and Islands. Staff serving the 11 routes have been cut by 422 to 184.

Mr. Roy Watts, BA group managing director, said in Aberdeen that BA had to make the operation at least cover its costs. The service is expected to have made a £45m loss in the year ending in March, but a small profit is hoped for by next March.

Scunthorpe EEC aid plea

THE EXCLUSION of Scunthorpe from an £18.5m Common Market aid package for steel closure areas has been attacked by Mr. Michael Brown, Conservative MP for Brigg and Scunthorpe.

He pointed out that male unemployment in the area was nearly 30 per cent and that the steel industry had shed 10,000 jobs in the past five years.

The aid package will be used to retain redundant steel workers and improve services.

Mr. Brown said he would urge Mr. Norman Lamont, Industry Minister, to put pressure on the European Coal and Steel Community to make funds available to the area.

He said the decision to exclude Scunthorpe had been made by the coal and steel community on the basis of two-year-old figures.

Falklands gives Scots Tories heart

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Falklands crisis pushed economic issues well into the background at the Scottish Conservative Party conference in Perth yesterday. Mrs Thatcher won wide praise for her handling of the crisis.

Mr. Michael Ancram MP, the chairman of the Scottish party, told delegates that the worst was over for the Tories in Scotland. He said the Falklands had brought the nation together in a way he had not seen before. "It has created unity of purpose, which has made many things possible."

Sir Geoffrey Howe, the Chancellor, said the Government would be the first in 30 years to achieve a lower inflation rate than its predecessors. "Only the Japanese have been doing better and they will soon have to look to their laurels."

Sir Geoffrey was given a

standing ovation after he told delegates: "We are determined, as we always have been, to keep right on to the end of the road. People do not expect us to work miracles, but they do expect us to stick to our guns."

He said the Government did not underestimate the effect of unemployment (330,000 in Scotland) on people's lives.

"Is there anybody who doubts that the only way to cure unemployment is to have competitive and profitable industries, backed by a competitive-priced productive workforce producing products which people wish to buy?" Sir Geoffrey asked.

In his review of the party's standing, Mr. Ancram noted that the Tories had faced up to a madrin in public opinion over the past year.

By the New Year, im-

perceptibly and slowly, things

began to change; tiny signs that the medicine was beginning to take, that the recession was beginning to lift," he said.

There was quiet satisfaction about the regional elections last week, the Conservatives took control of Lothian region from Labour. But Mr. Ancram warned that the Social Democrats in Scotland were dangerous. "Not for what they are but for what they might accidentally achieve."

Mr. Gerry Malone, Conservative opponent to Mr. Roy Jenkins in the Hillhead by-election, described the Social Democratic politician as the "saintly statesman." Another speaker asked whether Mr. Jenkins had been struck dumb since his election in March.

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Thames Shiprepair close to £16m Moroccan order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A SMALL London company set up in the defunct Royal Docks three months ago hopes to win a £16.5m order to build deep-sea trawlers for Morocco.

Thames Shiprepair will double its workforce of 40 men to meet the orders, he said. The first ship could be built in a year, with the others following at intervals of several months.

The company has been negotiating with the Export Credit Guarantee Department over insurance cover. This remains to be agreed. The Moroccans, which he declined to name at this stage, accepted the financing terms offered by UK institutions.

Mr. Cochran set up Thames Shiprepair in February with £10,000 of his own money and a £60,000 loan from the Government under its scheme to help small companies. He said the volume of repair business since

he had met initial expecta-

Intasun chief told to pay £467,000 to bank

By Raymond Hughes, Law Courts Correspondent

A HIGH COURT Judge has ordered Mr. Harry Goodman, chairman of Intasun, the travel company, to pay £467,000 to First National Finance Corporation under a guarantee he signed 12 years ago.

In 1970 Mr. Goodman guaranteed repayment of money advanced to a company with which he was then associated but with which he severed his connection two years later.

Mr. Justice Bingham said he could not avoid the feeling that it was a harsh result for Mr. Goodman, whom he described as an outstandingly successful entrepreneur in the package-holiday business.

Most of the large advances had been made to Apartotel (London), a company developing holiday accommodation for visitors in London's West End, when Mr. Goodman had no longer been connected with it.

His guarantee was not limited in money or time, however, with the result that he was now burdened with a great liability.

The money had been advanced initially by Cassel Arenz and Company, which in 1970 had been wholly-owned subsidiary of First National.

In 1972, as a condition of its recognition by the Trade Department as a name for the purposes of the Protection of Depositors Act 1963, First National's business was merged with that of Cassel Arenz.

After the merger the advances to Apartotel were made by First National.

In 1977, when Apartotel owed £699,286, First National demanded payment. Apartotel was wound-up and the £338,165 unobtainable from the company was demanded from Mr. Goodman under his guarantee.

The judge rejected Mr. Goodman's contention that his liability was limited to the initial advance of £40,000, and to the 12-month period of that advance, which ended in April 1971.

Mr. Goodman's defence that he was liable only in respect of the Cassel Arenz advances and not those from First National failed also. The judge said the stark fact was that the document Mr. Goodman signed contained no such limitations.

First National was entitled to judgment for £338,165, with interest said to amount to £129,000. The judge suspended the operation of his order to give Mr. Goodman an

UK NEWS

Tesco to launch price offensive

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE TESCO supermarket chain is to shut its 450 High Street food stores on Monday to prepare for a major price-cutting campaign which will be launched the following day.

This dramatic move is virtually a repeat of its successful "Operation Checkout" strategy in June 1977 which led to a fierce price war in Britain's High Streets.

Tesco's move is in response to the growth in market share by J. Sainsbury over the past year. Retail analysts were last night concerned that the Tesco attack would lead to a new price war among supermarket chains—with a harmful effect on profits—although there was a feeling in some quarters that response might be limited.

The decision to close for trading on Monday was taken to give staff time to re-price several hundred lines of stock. The company is also to launch a massive advertising campaign

on Monday. Tesco has played the showmanship game since the late Sir Jack Cohen first developed his "pile it high, sell it cheap" philosophy. It has its roots in London's East End. The supermarket chain has taken determined stands—against resale price maintenance, for example—which have ensured that it has remained constantly in the public eye.

The policy has paid off and has made Tesco the largest single UK grocery retailer in terms of turnover, and, until recently, the overall leader in market share.

Over the past year, however, Tesco's paramount position in the High Street has been usurped by J. Sainsbury whose sales and profits growth in the past three years have made it the most successful retailer of the early 1980s.

Tesco's attempt to recover its lost leadership is based on a market strategy, launched in 1977.

The company has steadily moved its product range and store size and facilities up market. In 1978, it put into operation a five-year plan to revamp its image and modernise its stores, at a cost so far of £200m.

The up-market move involved extending sales of fresh foods and improvements in the quality of Tesco-label products. It has established nationwide panels of consumer and food technologists to monitor service levels and product quality.

Ironically, Tesco has moved steadily into areas of operation—fresh foods and own-label—where Sainsbury has spent a century establishing its reputation.

Sainsbury, meanwhile, has been lowering its prices to beat Tesco at its own game and has overtaken Tesco's market share monopoly. Sainsbury now controls 15 per cent while Tesco holds 13.5 per cent.

Through its price promotion strategy Tesco hopes to attract

shoppers who may be unaware of the progress it has made in product range and quality over the past few years.

Although Tesco does not have the financial security that was available in 1977, it argues that a number of steps it has taken will help finance its new offensive. Late last year it completed an extensive review of its product ranges and control systems which enabled it to make substantial savings on stock levels.

The reaction from competitors may be mixed. Sainsbury is not expected to go all out in a price war, particularly since it is in the lead.

The ability of other national chains to match the Sainsbury and Tesco price levels is suspect, mainly because many do not want to see renewed price fighting break out in the High Street.

However, if Sainsbury and Tesco are let to battle it out, smaller chains are bound to suffer.

Shorts wins £7m order from Thais

By Our Belfast Correspondent

THAILAND's national domestic airline, Thai Airways Company, yesterday placed orders with Short Bros of Belfast for four 30-seater aircraft worth about £2m.

The state-owned aircraft company said it was the first sale of the Shorts 330 commuter aircraft in South-East Asia.

The orders follow the airline's two-year search to find an aircraft that would substantially cut operating costs on feeder services.

Short Bros has received orders for 110 of the aircraft from 33 airlines since mid-1976.

Belfast investment

AMERICAN MONITOR International, the Belfast-based manufacturer of computerised blood-analysing systems and reagents, has signed a £3m funding agreement with the Danish-owned PRIVATBANKEN in London.

The agreement will provide working capital for the company's planned European expansion. It represents the bank's first investment in a Northern Ireland company.

American Monitor International was set up in 1980 as a joint venture between the Northern Ireland Development Agency and American Monitor Corporation of the U.S.

Toy's guns pledge

TOY manufacturers will be consulted before restrictions on replica fire-arms come into operation. Mr Patrick Mayhew, Home Office Minister of State, assured the Commons yesterday.

The Firearms Bill, a private members' measure which extends the provisions of the Fire-arms Act of 1958 to imitation guns—which are readily converted into lethal weapons—was given an unopposed third reading.

Vickers seeks cuts

THE PRECISE Components division in the world aerospace—which manufactures aero-engine components, mainly for the Rolls-Royce RB-211 engine—has asked unions to put forward proposals for a reduction in manning.

The company said the recession in the world aerospace industry had led to a fall in demand for engine components. A cut in the workforce, now about 240, could probably be avoided if satisfactory short-time working arrangements could be agreed.

Black business aid

AN EIGHT-point plan which includes business start-up grants to aid black entrepreneurs has been agreed by the Greater London Council.

The plan involves setting up a GLC-led Black Business and Community Enterprise Development Working Group which, it is hoped, will involve the Commission for Racial Equality, the clearing banks, the Departments of Industry and Environment, and black business interests.

The planning authorities in the GLC area will be asked to consider the race-relations implications when they consider applications from black businesses.

Co-op Bank attacks Barclays

By ALAN FRIEDMAN

THE MANCHESTER-based Co-operative Bank yesterday accused Barclays Bank of timing its announcement of Saturday banking to distract attention from the Barclays plan to raise the minimum balance customers must keep in current accounts to qualify for free banking.

The Co-op said it could be no coincidence that Barclays' announcement came just two days after Barclays announced plans to increase from £50 to £100 the minimum balance customers must keep in their

account to avoid paying bank charges.

The Co-op said it believed that "Barclays has chosen to time its announcement in order to distract attention and to overwhelm the negative impact of the news of an increase in the current account minimum."

The bank's 70 full branches are closed on Saturdays. In recent months the bank has expanded its services in store outlets, however, and it is trying to link its 7,000 retail outlets to banking.

Barclays Bank last night said: "The Co-op Bank statement seems tinged with desperation."

LP sales slow by 33 and a third

By MAURICE SAMUELSON

SALES OF long-playing records in Britain are almost a third below the 1975 level, mainly because of increased home taping of cassettes.

For three years there has also been a steady fall in singles sales, although they are still far higher than in 1975, says the British Phonographic Industry Year Book published this week.

The falling sales have forced the industry to contract so drastically that it is now unable to meet demand for singles and LPs, running at about 200m units a year. In 1978 it was able to produce 250m units.

UK deliveries of LPs were down to 64m units in 1981, from 67.4m in 1980 and 91.6m in 1975.

This has led the industry to cut staffing levels by about a third in four years. The industry claims to give employment

directly or indirectly to about 40,000 people, although less than 10,000 work for record companies.

In contrast, with the LP market, retail sales of blank cassettes rose from 50m units in 1978 to more than 70m last year. Record imports have also risen.

Despite the recession, the industry claims that prices have fallen dramatically in real terms, with LPs nearly half the

price and singles two-thirds the price 12 years ago.

Sales and rentals of pre-recorded videocassettes in the UK more than doubled in value last year to reach £35m, compared with £22m in 1980.

Retail outlets last year sold 1m pre-recorded videos, worth £36m, compared with 500,000, worth £15m, the year before.

However, a total 10.6m video cassettes were hired in 1981, compared with 3.8m in 1980.

Green light for Trafalgar's RDL deal

By MAURICE SAMUELSON

THE LAST FAINT chance of preventing Trafalgar House's takeover of Redpath Dorman Long, the British Steel Corporation's former heavy engineering subsidiary, fizzled out yesterday with the Government's announcement that it would not be referred to the Monopolies and Mergers Commission.

Dr Gordon Borrie, director general of the Office of Fair Trading, had advised Lord Cockfield, Secretary of State for Trade, that the merger was not against the public interest and should not be referred to the Commission.

One objection to the sale was that it would have created a near monopoly in the UK heavy steel structural engineering sector in which Trafalgar's subsidiary, Cleveland Bridge and Engineering, is RDL's principal rival.

The OFT is understood to have concluded that any disadvantage of this nature would be far outweighed by the ability of Trafalgar's enlarged engineering interests to compete for major international contracts.

Trafalgar House management will meet representatives of the RDL workforce next Wednesday in York to explain its intentions.

Although the merger is expected to cause up to 700

redundancies at RDL in the first year, it was concluded that the company's 3,200 employees would have had even less security as part of BSC.

The Steel Industry Management Association, one of nine unions at RDL, which can campaign against the sale, said last night it was "disappointed and annoyed" that the OFT had rejected its arguments.

Trafalgar House management will meet representatives of the RDL workforce next Wednesday in York to explain its intentions.

He said yesterday: "Within

Steps begin on training board closures

By ALAN PIKE, INDUSTRIAL CORRESPONDENT

WINDING-UP ORDERS for half of the 16 statutory industrial training boards which the Government proposes to abolish were laid before Parliament yesterday.

The boards to go now are those covering air transport and travel; carpets, chemical and allied products; footwear; leather and fur; skin; iron and steel; knitting, lace and net; man-made fibres, and wool, jute and flax.

In November the Government said 18 of the 23 boards were to be abolished, reflecting the belief industry should take

more direct responsibility for training. Ministers stressed, however, that statutory boards would not be wound up until satisfactory voluntary arrangements were introduced.

Some industries have been slower than others to put forward voluntary alternatives. In a few cases Mr Peter Morrison, the Employment Minister with responsibility for training, forcefully reminded industry representatives that the Government would not wind up statutory boards until worthwhile alternatives were devised.

He said yesterday: "Within

the next few weeks I hope to lay the remaining orders carrying through the decisions announced last November.

There are, however, some industries where I am looking for further progress in setting up satisfactory alternative arrangements."

The statutory boards which still have winding-up orders outstanding cover ceramics, glass and mineral products; cotton and allied textiles; distributive industry; food, drink and tobacco; furniture; timber; paper and paper products; printing and publishing; and shipbuilding.

The next few weeks I hope to lay the remaining orders carrying through the decisions announced last November.

There are, however, some industries where I am looking for further progress in setting up satisfactory alternative arrangements."

The TUC alleged that the Treasury had provided a better description of company sector behaviour. This, too, was probably not incorporated into the version of the model used by the TUC.

The Treasury accepted in its statement yesterday "there is legitimate room for debate on interest rates to affect output and employment more quickly,

LABOUR

Print union urged to take hard line on Bill

By JOHN LLOYD and DAVID GOODFELLOW

HARDLINE OPPOSITION to the Government's proposed employment legislation is likely to be endorsed at next week's biennial conference of the Society of Graphical and Allied Trades, the country's biggest print union.

Soga's national executive council, in an amendment to its own motion, calls for the exclusion from the TUC of any affiliated union which operates "with any aspect" of the employment Bill proposed by Mr Norman Tebbit, Employment Secretary.

The union's stance is specially significant because Mr Bill Keys, Soga's general secretary, is chairman of the TUC's Employment Policy and Organisation Committee, whose task is to co-ordinate opposition to the legislation.

If the TUC adopts the Soga position, any union co-operating in a closed shop ballot would be liable to expulsion from the TUC. It could even mean that senior officials repudiating their colleagues' unlawful actions to protect their funds could jeopardise their union's TUC membership.

The employment committee next week will receive a report showing that strong support is growing among normally moderate white-collar unions for the TUC campaign.

The report, which observes that the campaign is moving on to a "war footing," says that both the non-political Banking, Insurance and Finance Union and the Communication Managers Association are showing militant opposition to the Bill.

Hoover dispute settled

By OUR LABOUR STAFF

MANAGEMENT and workers of Hoover have reached agreement on the future of the company's Cambuslang, Lanarkshire, factory, share.

At a meeting yesterday 1,500 of the 1,800 workforce voted for the agreement which allows the company to proceed with a £7m investment programme.

The workers at Cambuslang have agreed on no pay increase this year and 7 per cent next year.

months with process and craft workers.

The process deal, agreed last October and implemented gradually, gave main grade workers an extra £20 on basic rates and £480 on shift allowances, bringing their pay to £10,600 a year.

In return they changed from a four to a five-shift system and agreed to reduce manning levels. Some of these changes have still to be implemented.

The process workers, represented by the Transport and General Workers' Union seem broadly content with the company's offer of 8 per cent on basic pay but are asking for a greater increase in the shift allowance.

They argue that craft workers received a more advanced efficiency deal because their productivity payment—£225 or £225 a week, depending on on basic rates—was paid totally on basic rates.

The fact that you pay NI contributions has nothing to do with medical treatment. This you would get, if resident in the UK, whether you paid contributions or not. We would point out that if you are a British social security pensioner living in Spain, you can contribute to the local sickness insurance scheme.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

National Insurance pension when I reach 65 because of the payments I made between 1937 and 1950. I have been thinking that it might be advantageous for me to pay NI contributions on a voluntary basis, so that if my wife or I require medical treatment at any time in the future, we can obtain it in England. Is this the position?

The fact that you pay NI contributions has nothing to do with medical treatment. This you would get, if resident in the UK, whether you paid contributions or not. We would point out that if you are a British social security pensioner living in Spain, you can contribute to the local sickness insurance scheme.

Double taxation relief

I am making an inquiry regarding my recent purchase of "De Beers Consolidated Mines" deferred ordinary shares R.0.05 (Bridg). I have been informed by my stockbrokers, that I will be liable to pay 15 per cent South African tax as well as British tax but I may be able to claim double taxation relief.

How please do I claim double taxation relief. Will the dividend warrants be paid in foreign currency or sterling cheques?

The warrants will be in sterling, drawn on the company's London bankers. Double taxation relief will be allowed automatically, so there will be nothing for you to do.

Capital gains and a cottage

In 1968 I bought a cottage which was my permanent home until December 1971. In 1971 I left the district and the cottage became my second home, until 1980. In March 1980 the cottage again became my permanent home until I moved to my present address, in December of that year. I now wish to sell the cottage.

What please, will be the position regarding Capital Gains Tax? Broadly speaking, you will be liable to CGT on 56 per cent of the gain on the sale of the cottage, that is to say

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid quarterly, half-yearly. Rates for deposits received not later than 28.5.82 are fixed for the terms shown:

Terms (years) 3 4 5 6 7 8 9 10
Interest % 13% 13% 13% 13% 13% 13% 13% 13%

Depos

THE WEEK IN THE MARKETS

Drifting towards the unexplored

LONDON
ONLOOKER

As the Falklands campaign dragged on through its sixth week, the market went on drifting gently upwards. The chance of a peaceful resolution to the conflict deters funds for selling, for fear of losing out in the resulting bull phase. But the possibility of things going badly awry prevents buying on any scale.

If this paralysing dilemma could only be disposed of, the prevailing belief is that UK interest rates are headed lower— even coupled with a rather mediocre stretch of industrial results—would probably lift the equity market into regions previously unexplored. The FT Industrial Ordinary Index reached a high for the year of 580.9 on Wednesday, though it has yet to threaten the 600-point barrier.

Actually, on Monday the FT Actuaries 500 Share Index did break new ground, and the still wider All-Share Index scored the narrowest of misses. But— perhaps because they are not computed or published as quickly—these advances did not give the psychological boost which would be expected from a new high on the FT 30.

Composite crunch

Appalling first quarter losses from General Accident had braced the market for very grim statements by Commercial Union and Royal Insurance during the past week. In the event, both companies reported losses—the first in living memory from the Royal—for the three months to March, but their shares actually recovered slightly on the news.

Ahead of the figures, the composite insurance sector was trading at its lowest point ever relative to the market. Even ignoring the extreme bad weather losses, the underlying trend pointed to a continuing deterioration in underwriting experience and the shares of both companies reporting this week now offer double digit prospective yields.

CU announced a pre-tax loss of £1.7m, compared with a profit of £18.4m in the comparable quarter, while Royal reported an even more dramatic swing from a profit of £22.8m to a loss of £3.5m. But for a strong improvement in investment income, buoyed by the weaker pound and in Royal's case the benefit of rights issue cash, the figures would have looked even worse.

CU calculated that the severe winter weather cost an additional £21m in claims, after

adjusting for volume growth and inflation. Royal said the weather caused underwriting losses about £15m above expectations. Most of the damage was in the UK, although the southern and western states of the US also reported a much higher incidence of claims than expected.

But the bad weather is now past and the humble rating afforded the sector on the stock market owes more to the worsening of rates, particularly on commercial and industrial lines on both sides of the Atlantic. Both Royal and CU are increasing premium income in the US at a lively rate, but in the worrying context of operating costs which are likely to average at least 110 per cent of premium income for the full year.

Royal has detected some selective firming in US rates—it recently increased its rates on commercial multi-peril business—and is showing signs of recovery in Canada, mostly thanks to sharp retrenchment. But even if conditions in North America fail to meet the more pessimistic assumptions this year, there is a full consensus that, with the exception of motor rates and other personal lines, the position in the UK will go from bad to worse.

Coats' cover

Coats Patons has not suffered so much at the hands of the recession as some other companies in the textile sector. But the relative resilience in profits has been obtained only at the cost of a sharp diminution of their quality. The results in 1981 have accentuated the trend whereby earnings in places like the UK and Europe have been replaced by those from South America.

For the year as a whole pre-tax profits have risen by 13% per cent to £74.8m. The underlying performance is rather better than this, since the company made £5.7m less from the disposal of fixed assets. Nevertheless some £13m of the underlying £14.6m improvement can be attributed to the weakness of sterling, so the true performance is static—no mean feat in a period when volume has fallen a further 3% per cent.

But whereas South America produced 29 per cent of profits before tax and loan interest in 1980, that proportion moved up

to 42 per cent in 1981. In spite of some slackening in demand, the company was able to compensate fully for the devaluation of local currencies. The trouble is that profits from South America can be very unreliable. But in a difficult year for many operations elsewhere, this contribution has at least meant that cash income remitted from abroad has covered the UK division and associated ACT.

Elsewhere, the underlying picture in the UK has been steady, with Jaeger able to double its profits by restoring its margins, but there is still a lot of hard work to be done in Europe before profits here start moving the right way again.

Multiple strife

This week produced another example of the amazing divergence of results which are coming out of the retail sector. On Monday British Home Stores published full year results showing an impressive profits advance of a fifth in the closing six months despite the winter weather. On Wednesday it was the turn of the not so wonderful Woolworth.

For the three months to the end of April sales of £228m produced a loss of £2.4m compared with a £2m profit in the same period of 1981.

At the halfway stage BHS's profits statement made sorry reading. Pre-tax profits had fallen by 28 per cent to £7.6m but the group bounced back in the second half with a style that surprised the market and left last year profits £2.9m higher at £42.6m. Some expectations had been as low as £35m.

Much of this advance can be traced to a change of fortune in BHS's cash flow which has resulted in a £2.5m turnaround to interest receivable of £1.4m. The group pumped £25m of cash into its bank account in the summer of 1980 from a cash call on shareholders. So it had the benefit of that for a full year though perhaps more unexpectedly (at least to outsiders) is that tighter stock control and a shortfall in capital expenditure against budget kept the balance sheet liquid. Also BHS's associate income was beefed up by an extra £1.3m thanks to the success of Savacentre, the joint venture with Sainsbury.

Yet while the profit outcome is surprisingly good question marks linger over the underlying performance of the BHS outlets. Tighter financial control is one thing but the group has still to demonstrate that it can

of some 700,000 tonnes a quarter.

Thereafter, Prieska will wind down fairly quickly, with production ceasing altogether in the third or fourth quarter of the same year.

There are substantial tonnages available at deeper levels in the mine, enough to extend its life for about a year, but Prieska has decided that the necessary expenditure of R5m (£4.7m) to exploit this additional ore is not justified.

Of course, a sustained improvement in metal prices could change the picture radically, and the mine plans to remain sufficiently flexible to be in a position to take advantage of any upturn.

Rio Tinto Mining (Zimbabwe), the Rio Tinto-Zinc group's 58 per cent-owned subsidiary, is also looking for ways to save money. The company lost a net £31.12m (£843,000) in the first three months of this year, largely as a result of a very disappointing performance by the base metals division.

Mr Bill Richards, in his last address to the annual meeting as chairman, warned that the Empress nickel mine is experiencing severe difficulties. The whole operation is now under review, Mr Richards

said, and will have to be put on a care and maintenance basis until metal prices show a substantial improvement unless a solution can be found in the next few months.

Saving money was not the prime motive for the announcement this week of the capital restructuring at Australia's financially-troubled Seltrut Holdings, although there is an immediate small cash benefit to the company.

Seltrut, owned as to 78.8 per cent by British Petroleum through its Selection Trust subsidiary, has had to defer the annual 17.5 cents (10p) dividend due on its preference 'Z' shares on several occasions.

The accumulated total on June 30 this year would be about £85m (£3.5m), and Seltrut is asking holders of the 'Z' shares to waive their entitlement to this sum and convert their holdings into 'A' ordinary shares, in the ratio of five 'A' for every three 'Z' shares held.

While Seltrut reported that initial shareholders' reaction seemed quite favourable, there were signs that the directors might come under some pressure at the meeting in Perth on June 21 to make the terms a little more generous.

How to save it

NO, IT'S NOT the new name for my colleague Lucia van der Post's How To Spend It page; this column really is about mining.

Mining companies are much more accustomed to spending money, usually in substantial amounts, than to saving it. The prolonged nature of the current recession, however, and in particular its depressing influence on metal prices, have forced the world's leading metal producers to look at ways of saving money.

Financial resources are rapidly being eroded, what with the recent spate of losses for the first quarter of this year and the need to finance growing stockpiles of unwanted metals.

The companies have therefore had to turn their attention to finding ways of preserving their financial strength, so that they will be in a position to benefit from the upturn in metal prices, when it eventually arrives.

Axas of the U.S. is a prime example. This group, the world's leading producer of the steel-hardening agent molybdenum, recognises that the mining industry is currently facing one of its greatest challenges for decades, and has set about tackling the problems with its customary vigour.

Mr Pierre Gousseland, the group's chairman, outlined some of the steps Amax is taking on a visit to London this week.

In the short term, Amax has had no option but to follow the painful course of laying off staff. The group's workforce has already been reduced by

2,500 from last year's level, and further 560 jobs are to go next month.

For the long term, the group has postponed several big expansion projects, and consequently expects capital spending to fall this year by more than £250m (£138m) from the 1981 level of around £600m.

Prieska Copper Mines in South Africa's Anglovaal group is another company which has had to take a long, hard look at its capital expenditure plans.

This mine, in the north-west Cape area, has sufficient ore at the depths currently being developed to stay in operation until about the first quarter of 1985, at its present milling rate

of some 700,000 tonnes a quarter.

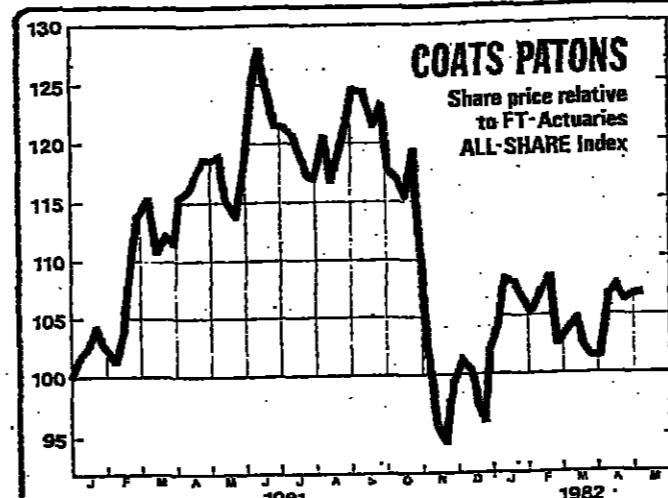
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Pause for breath

NEW YORK
RICHARD LAMBERT

WALL STREET has paused for breath in the past few days, after the gains of a week ago. There was a noticeably more sober tone in the bond market, as it became clear that reports of a budget compromise were decidedly premature, and a sharp fall in the money supply figures announced eight days ago has had no noticeable effect on short term money rates.

Share prices gave up roughly half their gains of the previous week, with a fall of over 8 points in the Dow Jones Industrial on Monday. But business was relatively quiet, and the underlying trend still looks rather healthy.

A noteworthy feature of the past fortnight has been the renewed strength of the oil sector, which has been especially evident on the American Stock Exchange, home of some of the more speculative energy plays. The index of this market has outperformed the Dow in the past couple of weeks, reflecting a growing belief that the price of oil has passed its low point and that inventories are getting into much better shape than was the case earlier this year.

Oil shares led the way when the market moved up on Tuesday, and shares like Standard Oil (Ohio) and Exxon were particularly active.

The airline sector was another strong feature, following Braniff's move to file for bankruptcy in the early hours of Thursday morning. One of the biggest gainers was American Airlines, which was Braniff's deadly rival at the hub of the Dallas/Fort Worth route network, and which has been sharply squeezed by its ailing competitor's attempt to generate cash flow by slashing its prices.

For soundly based companies like American, Braniff's demise is obviously good news. It will help to underwrite the improvement in capacity utilisation and passenger yields which already seems to be under way in the U.S. airline industry. But a two-tier market is developing in the share prices of this sector, with a distinction being drawn between strong companies like Delta and airlines like Western, Continental, Republic or World all of which had their latest reports qualified by their auditors.

On the downside, one of the biggest losers of the week was Cigna Corp., the product of a recent \$4bn plus merger between Connecticut General and INA. While UK insurers

Monday 860.92 +8.28

Tuesday 865.87 +4.95

Wednesday 865.77 -0.10

Thursday 859.11 -6.66

MARKET HIGHLIGHTS OF THE WEEK

Price y'day	Change on week	1981-82 High	1981-82 Low	
F.T. Govt. Secs. Index	+ 0.77	69.55	61.89	Small support on int. rate hopes
F.T. Ind. Ord. Index	+ 7.3	590.9	518.1	Late buying for new Account
Akroyd & Smithers	+ 19	215	160	Good interim results
Bambers	- 11	64	23	Rumours of Boardroom rift
Bowthorpe	+ 14	275	178	Defence spending hopes
Chemping	+ 60	365	232	Defence spending hopes
Dalgety	- 21	338	284	Broker's circular
Globo	+ 57	690	418	Hopes for Zantac drug in U.S.
Guinness Peat	+ 10	95	58	Talks on sale of commodity ints.
Heath (C.E.)	+ 25	350	273	Results due next Tuesday
Inter-City Investments	+ 8	64	15	Revived bid speculation
King & Shaxson	+ 15	98	78	Annual results
Metramin Minerals	- 4	28	12	Prices 1 well abandoned
Ranger Oil	+ 65	422	240	Transatlantic influences
S. & V. Stores	+ 6	19	10	Speculative interest
Trident T.V. A	- 51	100	62	Casino licence decisions
Tysons (Contractors)	+ 9	44	25	Sharply increased profits
Ultramar	- 20	477	335	Disappointing 1st qd statement
Vaux Breweries	+ 17	152	123	Int. figs. above expectations
Western Mining	- 18	247	200	Esso pulls out of Yeelirrie

The American Recovery.

The opportunity

At present, the popular view of the U.S. economy is one of gloom. Interest rates, corporate bankruptcies and unemployment are at high levels whilst industrial production and stock market prices have been dropping. The Government faces a sizeable budget deficit.

At Henderson however we believe the good reasons to be more optimistic.

"Inflation in the U.S.A. is firmly under control—recently the rate of increase was less than 5%."

"Lower income taxes and falling exchange rates will strengthen the economy later in 1982."

"Interest rates will continue to fall, contributing to a steady decline in long-term interest rates."

"Industry will increasingly be revitalised by an industrial and cooperative working population that is generally willing and able to learn new skills and to relocate in pursuit of employment."

The evidence suggests to us that the American economy may be ready to move forward.

How to make the most of it.

To take advantage of this opportunity it is important to move while stock market prices are still generally depressed—which is why we have chosen this moment to launch the new American Recovery Trust.

The trust's objective is capital growth (there will be an estimated starting gross yield of 2.5% p.a.),

and it will be wholly invested in North America and it will concentrate specifically on the shares of com-



pans with above average potential for strong recovery.

Investments will be made in four main areas:

1. In sectors of the market which have been particularly out of favour because of the recession, but which the managers feel are due to make

GET 12½%* ON DEPOSIT AND A CHEQUE BOOK?

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YOUR SAVINGS AND INVESTMENTS

Where wealth is today

REGARDING SAVINGS as a virtue is fine if the savings can be used to finance investment. But savings lose their significance if businessmen have no confidence to invest or can find no profitable use for the funds. Pointing this out, Mr Leon Brittan, Chief Secretary to the Treasury, put a question mark over hopes expressed at a symposium in London last week to consider "a fair deal for savers and investors."

Mr Brittan identified inflation as the big bogeyman that had upset the whole savings equation. He pointed out to the meeting, jointly organised by the Savers' Union and the Wider Share Ownership Council, that over the last decade the investors, following authoritative advice, had seen their savings shrink to a vestige of their former value while other people (home buyers, for example) had made unheard-of gains.

Lower inflation will mean smaller differences in the returns from different savings media. The good news on this front was Mr Brittan's forecast that the Retail Price Index should show inflation down to 7% per cent by the middle of 1983.

As to the call for wider share ownership, he acknowledged that the proportion of company shares in the hands of individuals had continued to fall over the years. The real secret to reversing this trend was a real increase in prosperity and wealth. Without that, we would not have a market to invest in.

He closed by sniping at the people who were seeking to improve the saver's lot by improving his treatment under the taxation system. It was more important to think about the corporate plans of the more innovative companies, he said.

Mr Nicholas Goodison, chairman of the London Stock Exchange, told the symposium which included pension fund managers from a number of major companies including ICI, a pioneer in employee share ownership, that there seemed to be a strong political bias against putting capital into risk capital of industry and commerce.

This originated from the days when direct equity investors were middle-class people with secure homes and secure lives. The pattern has changed dramatically over the past 30 years. Real wealth today is in people, homes and pensions. An inflation-linked pension offers a value that is out of all proportion to the savings that an ordinary person can hope to achieve in a lifetime.

"I think that as long as we go on talking about private industry, private clients, private wealth and privatisation, people will identify the description 'public' with good and 'private' with bad."

Therefore the selling off of sections of nationalised industries should not be called privatisation, but "true public ownership."

Chris Cameron-Jones

Saturday banking: Alan Friedman reports

Barclays want the money

BARCLAYS BANK is opening 400 branches on Saturdays from this autumn and the most telling verdict yet recorded came yesterday morning from a taxi driver navigating his cab through the streets of central London. What was his reaction to the Barclays move?

"I think it's great, really great. I've been meaning to open a bank account, but I never get round to it. I think I'll take the wife round to Barclays and open one on a Saturday."

This is precisely what Barclays is aiming for—new accounts and fresh deposit money. The bank estimates that nearly 4.5m working people do not have any form of cheque account and suggests that many would open an account if they could get to a branch on a Saturday.

But no one should assume that Barclays is acting because of its social conscience or its altruistic feeling toward customers. The main reason why Barclays has reversed its policy and decided to open 400 branches between the hours of 9.30 and noon on Saturdays is the bank wants more free money—the attractive current account deposits of the personal customer market.

Mr John Quinton, senior manager at Barclays, made it clear on Thursday that the bank was tired of watching building societies garnering this market. He estimated that 30 per cent of building society deposits are made on Saturdays.

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Some of its senior investment men were talking in New York this week about where they plan to put all that money and their message was that the Pru's investment strategy has changed almost out of recognition in recent years.

As recently as 1978, over 50 per cent of the Pru's new funds went into the fixed rate private placement market—mainly in long term loans to companies. Just 7 per cent went into real estate. In 1982, by way of contrast, the Pru expects to put only 7 per cent of its cash into fixed rate private placements—

HOW PRUDENTIAL OF AMERICA INVESTS ITS MONEY

	% of net investment (1978) (actual)	% of net investment (1982) (planned)
Fixed rate private placements	52	7
Floating rate private placements	2	7
Public issues	6	19
Equity-type private placements	2	8
Mortgages	22	4
Real Estate	7	33
Common stocks	-1	11
Cash and equivalent	10	11
	100	100

Richard Lambert

from personal customers. Around 50 per cent of current account balances come from personal customers.

Last year, however, the bank only lent back 25 per cent of its personal deposits. With high interest rates the remaining balance was a useful source of working capital and income.

In addition to the Barclays move this week, Lloyds and National Westminster also announced developments which will sharpen the competition between banks and building societies.

Lloyds is entering the estate agency business, purchasing a Norfolk-based six-office chain called Charles Hawkins. A new Lloyds subsidiary, Black Horse Agencies, will co-ordinate the bank's ventures in this business.

Mr Roy Mercer, general manager of Black Horse Agencies, explained the bank's rationale: "We are in the house mortgage market totally and utterly. We are there to stay and we want to sell a package of services on a one-stop basis."

NatWest, meanwhile, is also going after the building societies with a revised mortgage service which offers advances of 100 per cent on properties up to £40,000 and 95 per cent for houses over £40,000.

The combination this week of the Barclays, Lloyds and NatWest moves demonstrates the determination of the banks to tackle the societies and to waste no effort to do so. Barclays in particular is taking a bit of a gamble, spending around £5m annually on its Saturday branch openings, but the bank can afford this risk.

At the Building Societies Association, Mr Richard Weir, secretary-general, said yesterday that the increased competition would benefit the consumer. He pointed out, however, that building societies still have longer opening hours and added that their branches are more specialised than banks when it comes to personal finance.

The most serious challenge to building societies, according to Mr Weir, is the Barclays Saturday move. "It is a significant

increase in competition and will make Barclays a more attractive prospect to the personal sector," he commented.

Mr Clive Thornton, the chief general manager of the Abbey National, went further and accused the banks of not having been responsive enough to the consumer in the past. He welcomed the Saturday openings as healthy competition, but said it was still not enough for the consumer.

"Sooner or later the clearing banks will have to face up to the fact that customers want current accounts which pay interest," Mr Thornton added.

Mr Thornton has a point. It has taken Barclays 13 years to change its mind about Saturday openings even though its research showed recently that 83 per cent of its sampling favoured Saturdays. The banks are not releasing their research data on current accounts which may interest and still insist it would be too costly. But Britain is one of the few countries in the world where banks do not pay interest on current accounts.

As for opening hours, Britain is also behind several of its allies. In the US, many banks open Saturday mornings, a number are open on weekday evenings and there are even branches which open at the hours of 5.30 and 7.30 in the morning.

The Barclays move is an overdue decision. Other UK banks are now preparing contingency plans and will follow the Barclays example provided it seems profitable.

In the meantime, the competition between Britain's banks and building societies promises to be keen. And for the consumer, competition should mean better choice for services.

MAJOR BANK MORTGAGE LENDING

	Lending to date	No. of Borrowers
Barclays	£1.35m	60,000
NatWest	£800m	30,000
Lloyds	£607m	28,400
Midland	£470m	22,100
Williams and Glyn's	£147m	6,000



Cats ... a 100 per cent winner

Flights of angels

A CHANCE MEETING on a cricket field turned Mr Charles Fry into an angel. Over a drink after the game, a fellow cricketer encouraged Mr Fry, a director of financial advisers Johnson Fry, to invest in a musical he was preparing for the London stage.

The fellow cricketer was Tim Rice, the musical was *Eritis* and the profits for Mr Fry and the clients who invested are still rolling in. Since that drink, Mr Fry has turned more of Johnson Fry's investment clients into "angels"—backers of stage productions—and his theatre business continues to grow.

But with three flops and two hits now notched on his belt, Mr Fry is cautious about the lure of the stage. "It's an almost sure-fire way to lose money," he says.

He generally counsels clients to divide the money they want to invest into five parts and sponsor five different shows.

"You might win in one out of five and even that much is better than the average," says Mr Fry.

The one big winner, of course, provides the bait. The 25 investors that Mr Fry channelled into *Eritis* have since received £5,780 on top of the repayment of their original £7,000 stake. Each time the show clears £100,000 they each get a cheque for £135.

During the train strike this year, the show actually lost money and cheques thinned out. But it is now thriving again, with the pay-outs arriving about once every two months. Johnson Fry takes 10 per cent of the return once the investor has recouped the stake.

With a background in personal and corporate financial planning, Mr Fry admits that he is "your run-of-the-mill, average, unimformed theatre buff." Not surprisingly, he admits to choosing some real flops.

The first was *The French Have a Song for It*, which swallowed up £10,000 of his clients' money and closed after three weeks. Mr Fry had personal introduction to the producer, whom he liked. On opening night, however, he knew it was a loser.

"I hated it," he says. The next mistake was putting clients' money behind a woman who wanted to produce *Shakespeare in Love*.

Carla Rapoport

BASE LENDING RATES	
A.B.N. Bank	13 1/2%

PAINTINGS

J. H. H. 1/50

This is a very good time to buy pictures

BY ANTHONY THORNCROFT

IT USED to be thought that art was recession proof and for a time the UK picture market held up quite well while the economy went into decline. Now many dealers and salerooms are suffering. The belated adverse impact owes much to the falling away of overseas demand. London in particular is perhaps still the leading international art centre and until last year buying by Continental and Japanese dealers and collectors compensated for the fall in demand from the British.

Now this underpinning is much weakened. The only bright spot is the U.S. The strength of the dollar could bring more picture-collecting American visitors to the UK this summer. In the main, most sectors of the market have now experienced two bad years, with no substantial relief in sight.

There are, however, bright sectors—in particular British paintings of the early 20th century. Artists like Sickert and Clausen, Orpen and Ginner, were undervalued and underappreciated for years. Works which could have been acquired for less than £2,000 five years

ago are now selling for £10,000 and more. The renewed interest in groups like the Camden Town school, and, from a slightly earlier period, the Newlyn school came initially from private collectors but now dealers are competing busily for works produced up to 1939. Of course artists like Munnings never went out of fashion and his paintings are reliable sellers.

Be watchful

Unfortunately the other area which is booming, the post 1945 New York school, hardly affects the British art market. Last week Christies managed 14 artists records in a sale of contemporary art in New York but the Americans are basically buying their own, and although it might seem irrational to pay over £200,000 for a painting by Frank Stella or Jackson Pollock when you could get a very good Old Master for a similar sum this confirms the fact that any American painting of quality



Extract from Sir Alfred Munnings' painting of 1911, "Shrimps leading ponies across Ringland hills," which could fetch between £20,000 and £30,000 at Sotheby's next week.



"Melting Snow," a watercolour by the Welsh artist, David Jones, at Capel-y-Ffin, 1925. The picture, valued at £3,500, is on show at the New Art Centre, London, in the "Art for Investment" exhibition.

Modest optimism in the London market

BY WILLIAM PACKER

THE LONDON art world continues its various, active and contrary self, still whispering its news of dire foreboding in the same breath as more modest optimism. Across the whole spectrum of activity, from the most ancient to the very latest, dealers known to be sorely pressed survive—and it would be sad indeed to see them go just now, with better times perhaps around the corner.

Certainly, there are more galleries than ever, and new ones open all the time, which of course bespeaks a general sense of confident adventure within which any art world must die.

As is possible with all such things, it is impossible to gauge exactly how business stands, to give the state of the market in a word. Rather it is a matter of holding up the well-licked finger to catch whatever breezes chance to blow. I asked the same few questions of five London galleries which between them, if somewhat arbitrarily, cover the field.

Those questions were simple enough: what was the field of specialisation? What was the price range overall? How was the market in general? Where in particular was there any activity? What in fact was selling? What would be especially good to buy at the moment? And, finally, how did things look for the future?

• Agnews: long established dealers in English water-colours from between 1700 and 1900, in Old Master paintings of all schools and periods, and British paintings too of all but the modern period, though a small number of contemporary artists of a more conservative bent are also represented. Prices can begin at around £50 for a water-colour, and can go as high as the sky, well into seven figures, for a masterpiece. It was stressed to me, however, that half the business in water-colours was in purchases under £1,000, under £500 for half the paintings.

Business was said to be slow, but somewhat surprisingly rather more abroad even than here, where the signs were that it was beginning to pick up. There was a sense that perhaps too much attention had been paid to America in recent years at the expense of English clients.

A lot of work, British pictures especially, was being sold to companies based in London, which was a fairly new development. The market in water-colours had expanded greatly in recent years. The recommendation was for Italian Baroque paintings of the 17th century, less scarce than that of earlier periods, and for quality, less expensive than that of the 18th, which is currently sought after.

The prognosis was moderately optimistic this year, rather better than last. The great works were not difficult to sell, but the problem was with the middle range.

• The Piccadilly Gallery: successful post-war dealers in Symbolist, Pre-Raphaelite and Fin de Siècle works of art, both European and British, in modern masters, and in contemporary British figurative painting. Prices range from around £100 to £25,000, but most business falls between £1,500 and £2,000.

Taking Judi-Rowan's prognosis, the market is not good. Abroad Japan shows signs of life, but there are rather fewer than usual in Europe, and those few

becoming more adaptable, and using the salerooms to dispose of less desirable works, perhaps for a small profit. Despite their differences the auction houses need the dealers—their main buyers and sellers—and the dealers need the enormous

throughput of the auction houses: in recent months, Christies, South Kensington, has been disposing of 500 lots in every picture sale.

The basic facts about the current market are that works of outstanding quality can com-

mand exceptional prices (although few of them appear on the market, especially among the Old Masters), but tired, much touted, over-restored, paintings in the £500 and under range are finding few buyers. Anyone with a picture

to sell should be careful to offer it to a dealer or auction house un-restored and in its dirty natural state.

Another feature of the picture sales this year is their unpredictability. If foreign dealers are in town a sale can do well, but in sectors such as Victorian paintings and Old Masters where a few years ago the experts could be reasonably

sure that the works would go at their forecast, or above, now the guidelines are obscure. The dealers who would pick up the routine pictures in the £500 to £2,000 range may well be absent. Even master works can have problems: the last great

painting to be sold in London, a Poussin at Christie's a year ago, failed to find a buyer in the auction room but went later for £1,650.

This suggests that all the publicity about rising prices in recent years has encouraged vendors to expect very high values and currently there are just not enough rich buyers around. There is also the problem of getting an export licence and the growing popularity of

the fact that the growing scarcity of really fine works of art makes a price appreciation almost inevitable should be regarded as a bonus. But it is only the best paintings that have an investment plus and what makes the best can only be determined by the potential buyer developing his own eye, guided by expert advice.

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It is a very tight and conservative market in this country, which may be attributed to the gallery fees, as much to lack of information as to lack of interest in contemporary art. Most of the business is at home, though foreign buyers are beginning to show significant interest.

Work by young artists whose base is in installation or performance activity is doing well—paintings by Paul Richards, drawings by Kerry Tengrove and Ron Haselden—and that would naturally be a recommendation. It is work based on the figure, not always directly or unambiguously, but adopting instead rather more conceptual, metaphorical and experimental approaches.

The gallery put it quite unequivocally: the work being done by that generation of British artists now in their thirties is at least as vigorous, creative and exciting as anything equivalent in Europe or America. As for the immediate prospects, things appear to be going increasingly well.

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PROPERTY

Regency refurbishment

BY JUNE FIELD

SEEKERS AFTER gracious, spacious restoration apartments should go down to Sussex today. This week saw the launch of two intriguing south coast period projects.

Grand Avenue Mansions, Hove, built around 1882 by J. T. Chappell, also responsible for Brighton's Clock Tower and the laying of the tracks for Volk's sea from electric railway, is part of the "Preserving Britain's Heritage" campaign of Barratt Southern Properties. Managing director Mr Alan Rawson says they are vigorously pursuing the acquisition of further properties under this scheme, currently inspecting buildings as far apart as Felixstowe and Exeter.

"But with ever-increasing conversion costs, and in some cases unreasonable planning requirements, it is becoming increasingly difficult to achieve viable propositions. Nevertheless, with this project, we shall have renovated 16 properties to provide over 200 new homes from large and often neglected historic buildings in choice locations, many that it would be impossible to provide today, with present planning policies."

The other undertaking, about nine miles along to the Brighton Road, Worthing, is Beach House, built in 1850 by John E. Rebecca, and only narrowly escaping the local council's demolition plans which have been announced with depressing regularity since they bought it for £16,000 in 1977. A courageous rehabilitation to this listed grade II bow-fronted Regency villa is being carried out by a small building firm of designers and restorers, Derek Jones and Company of Chichester.

Some of the background to both buildings makes fascinating reading. For instance the original baths at Grand Avenue Mansions had a third tap, presumably for those who wanted the therapeutic benefits of the bath without having to venture down the road to the sea. (Until recently the basement still held the pump which brought the water from the underground 29,000 gallon capacity storage tanks, from which sea water was pumped until 1940.)

The Mansions were a speculation, erected at a time when work on the rest of the estate was almost at a standstill due to the depressed state of the market, even though Alfred Waterhouse's Gothic red-brick Town Hall (destroyed by fire in 1966 and rebuilt eight years in addition there is a dish-

later glass-box style), was going up along the way in Church Road. In 1883 the average rent being asked was £230 a year for the three to five bedroom apartments spread over five stories, with its adjacent stable for tenanted horses. And they took a fair time to rent, with four occupied by 1885, and all 10 only taken some four years later. Now most of the imposing Victorian mansions in Hove's widest avenue have been demolished to make way for modern apartment blocks.

Grand Avenue Mansions

retains its exterior virtually unchanged except for the glass canopy which shielded the porticoed entrance. I saw it in the old photographs that local historian Mr James S. Gray showed me as we walked round. (He is the author of *Brighton Between The Wars*, Batsford 1976.)

The handsome high-ceilinged block, with a shopping parade at the back, and Hove main-line station within reasonable distance, is being split up by Barratts into 28 stylish units, still with very good-sized rooms. The two-bedroom, two-bathroom apartments are from £54,950, three bedrooms £89,950, and one-bedroom £33,950; the outlook of the latter is the rather dull brick-wall of an adjacent property which it is to be hoped that the developers will be able to enhance with a spot of white paint. Two "slarter-studio" homes at around £23,000 are planned for the basement.

Prices include carpet and telephone, plus in the main, the full compliment of lavish equipment now expected of up-market accommodation. That is, bathroom with shower and bidet, combined radiator and towel-rail, principal rooms with television, VHF and telephone points, kitchen with fitted oven, hob, hood, waste disposal, refrigerator/freezer, washing machine and tumble-dryer. And there are the usual Barratt purchase-incentives, including the possibility of taking your existing home in part-exchange.

The three smart show apartments are open every day from 11 to 6, or for a brochure with floor plans, contact Mr Jack Hannah, sales manager, Barratt Southern Properties, 668, Hitchin Road, Luton, LU2 7XJ (0582 31181).

Beach House has a similar

selection of labour-saving fittings included in the £68,000 to £94,000 price-range of its seven impressive apartments, which are over 1,500 sq ft. But

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Beach House has a similar

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TRAVEL

Up-market sea and sites

SICILY

ANTONY THORNCROFT

THE BRITISH love the Mediterranean and they love islands. Yet Sicily, the largest Mediterranean island and the most centrally placed, has never been tourist ridden. This is mainly the choice of the local government which plans to develop tourism methodically rather than allow an hotelier's free for all. It also likes the idea of visitors coming to the island to admire its unrivalled historical attractions rather than just its sun, sea and sand.

About a third of tourists list the season-stretching antiquities of Sicily as the main reason for their trip and this up-market image is being fostered by the government's concentration on developing the thermal springs on the island. Already at Sciacca, in the south, an all year resort is emerging which offers physical recuperation as well as a picturesque fishing harbour and beaches.

But although the strategic situation of Sicily has given it a cornucopia of history, from the Greeks, Romans, Byzantines, Arabs, Normans and Spanish all leaving a decorative mark on the island, its appeal to many tourists is that it offers that increasingly desired ideal, a well balanced holiday—a week on the beach and a week seeing the sites.

By a happy coincidence some of the most appealing resorts have celebrated antiquities peeping through. Even the prime holiday town, Taormina, has grown up graciously around one of the best preserved Greek

theatres, refurbished by the Romans, and now topped up with one of the finest panoramic views in Europe.

Taormina offers a choice. You can either stay in one of the hotels on the coast, such as the Ipanema which opened in April and is listed by some British tour companies, with immediate access to beaches, coves and islands, or in the town three kilometres inland or rather upwards.

For the town is perched on high and is best reached by a funicular railway which runs until well after midnight, linking day-time beach loungers with the bars, restaurants and disco of this all year round resort which has attracted visitors for over a century, ranging from D. H. Lawrence to Princess Margaret.

The main street, topped and tailed by medieval gateways, has more than its share of tourist shops, but it is a lively good natured throughfare, opening out into square with breathtaking views down to the distant sea. Hard by the Greek theatre is the Hotel Timeo, one of those stately hotels (owned by the same family for over a century) where Henry James characters would feel immediately at home. And, as a backdrop, Taormina has Mount Etna towering behind it, usually snow-topped, and an exciting excursion.

Because of its natural advantages Taormina is a celebrated and crowded Mediterranean resort. Less well known but tentatively gearing itself for more tourists is Cefalu on the northern coast. Here the historical landmark is a beauty, a Norman cathedral of the 12th century, with one of the finest mosaics in the Mediterranean, of Christ the Pantocrator, dominating the

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It would be perverse to visit Sicily and ignore the classical remains. For a start the Temple of Concord at Agrigento hardly qualifies as remains: it is the best preserved Greek temple outside Athens. It dominates a ridge on which either Greek buildings of the 5th century BC stretch into the distance, justifying Pindar's description that it was "the fairest city of men."

In Agrigento the past is well matched by the present. The modern town lies across a valley and does not intrude on any musings. In Syracuse the past was more glorious but the present, in the form of railway shunting yards, interrupts the view from its Greek theatre to the sea. Syracuse also offers the largest Roman sacrificial altar in the world; an amphitheatre; and a vast echoing cavern where Dionysius used to eavesdrop on his wretched prisoners 2,400 years ago.

What makes Syracuse a double must is its old town (the earliest known Doric temple of around 575 BC was unearthed here a few years ago), crowding a promontory joined to Sicily by two bridges. Here some of the bustle and picturesque seediness of a Mediterranean port flourish alongside a fine cathedral and museum.

Tucked away in the maze of alleys in the Via Mirabella, is the Trattoria Minosse, which looked like the prototype for

the eastern wall.

Behind the cathedral is a towering rock, below it a small fishing port with the sea almost flowing into the ancient houses. Cefalu still earns most of its livelihood from fishing rather than tourists. It has retained its integrity and, as yet, the hill behind the town is only sparsely developed with villas and the hotels developing on the coast still command unspoilt views.

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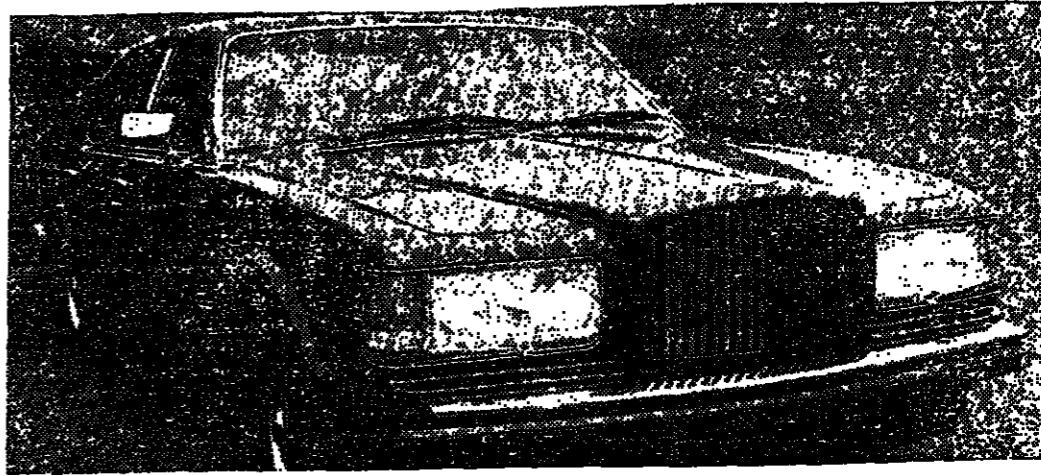
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In Agrigento the past is well

Turbocharged £60,000

The Bentley Mulsanne



MOTORING
STUART MARSHALL

the accelerator deals with most overtaking requirements. For a quick dash past a couple of juggernauts before the solid white line starts, the column mounted transmission selector switch may be flipped into middle. There's no neck-jerking leap ahead, but in a trice the lorries are shrinking dots in the mirror.

Apart from its painted, not plated, radiator shell and some discreet badges, there is nothing to tell the Turbo from a normal Mulsanne outside. The interior is standard Rolls-Royce/Bentley, too, except that the steering wheel is leather covered, a discreet genuflection to the sporting side. Two of the Turbos I drove had cloth trim. I thought the drab brown material ill became the rest of the furnishings.

For me, a Rolls-Royce isn't a Rolls-Royce (or a Bentley a Bentley) unless one is greeted by that wonderful Bond Street bespoke shoemaker small as soon as a door is opened. A small herd of cows had given their lives to trim the seats of the final Turbo I drove. There really is nothing to compare with Connolly hide, even though it does let one slide about a bit during hard cornering.

Three in four of the 100 Mulsanne Turbos to be made this year will go to British buyers. It won't be sold in the U.S. or Japan, because of emission problems, or in Canada or Australia. But it will be available in Europe, including Sweden, where its massive weight means it has to be registered as a truck.

Ettore Bugatti, who airily dismissed the original Bentley as "the fastest lorry in Europe," must be smiling up there.

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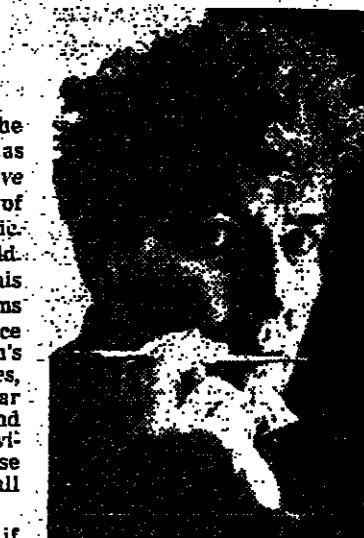
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BOOKS

Graves—a life of reckless dedication to the Muse

BY GEORGE WATSON



Robert Graves: his life and works
by Martin Seymour-Smith. Hutchinson, £14.95. 608 pages

In Broken Images: selected letters of Robert Graves 1914-1946
edited by Paul O'Prey. Hutchinson, £12.95. 372 pages

By dint of longevity, if nothing else, Robert Graves is by now the senior poet of the English tongue, death having robbed him of all competitors on either side of the Atlantic. Born in 1890, and mainly resident in Spain since 1929, he is by now equally a voice of past and present too. Martin Seymour-Smith has known him since he was 14, when he sent him some poems, and he wrote the first monograph on Graves as long ago as 1956; now he has bravely decided to write and publish a massive life while his subject yet lives.

The result is admiring but unsympathetic. "The foremost English love-poet of this century," he calls him challengingly, "and probably of the two preceding ones, too." A slap at Yeats, that, I presume, and a reminder of how much the

novel has usurped the field of romance since the mid-18th century, when love moved from verse to prose. The claim is a big one, all the same, and we shall need time to think about it. Here, meanwhile, is a fat new life that is abundantly, even scandalously informative, if at times diffuse, and one that excels above all at recounting the quarrels of the famous. Add Mr O'Prey's companion volume, a selection of 199 letters down to 1946 with interlinking narratives produced in co-operation, and it is clear that the great doyen of English verse is back in the limelight.

Graves has always seen himself as an iconoclast, "a literary nuisance." The truth is more complicated than that. Given as he is to romancing as well as to romance, it is a question of continuing interest how far his own accounts of events are to be credited. Mr O'Prey calls him "an honest, witty and consistent autobiographer," but his letters to his prints suggest a fidelity to spirit rather than to details. In private and in public, Graves has always admired Eliot, Graves felt reluctantly obliged to tell him that he had never felt able to regard Ezra Pound as a poet, and declined to help Pound by signing a plea for clemency at the time of his treason-trial.

"The great enemy," I once heard him remark of Pound, Eliot and Stevens, "is this Franco-American thing." Free verse gets no credit in this new biography, which boldly

in Victorian Wimbledon and Edwardian Charterhouse, and like all good biographers he commands the power to surprise. A priggish youth bullied at school and worried about homosexuality, and a virgin until his wedding-night: all this might not easily have been guessed. Then Oxford, or its promise, which (remembering Charterhouse) Graves dreaded so much that the 1914 war looked like a welcome escape; followed by undergraduate life, marriage to Ben Nicholson's shirily feminist sister, and a brief chair of Latin at Cairo.

In Egypt he was far from alone. Laura Riding, a New York divorcee whom he had met only a week earlier, accompanied the whole family to Cairo and back to London again. After her suicide attempt out of a fourth-floor window in Hammersmith in 1929, remarking "Goodbye, chaps" (Graves, who had not taken LSD, as she had, followed her more prudently down to the pavement out of a third-floor window, the two fled to Majorca at Gertrude Stein's suggestion, to pursue a long literary collaboration that produced not only his best poems and hers, but a pile of fiction and criticism as

calls Graves "the finest and most versatile traditionalist technician" of the century, leaving Thomas Hardy oddly out of account. But after all, it is Graves's lifelong passion for metrical tidiness that now needs to be looked at squarely, sources and all, and not least his early devotion to the idea of adapting Welsh and Latin metres into English.

My own guess is that Graves has been the best Latinising poet in English in our times: a sort of Ben Jonson to Eliot's Donne. But he has been too consistently personal, and above all, too intent on amorous, to make that comparison stick: "You can only write poetry if you are in love." I once heard him remark, explaining why he had stopped. Mr Seymour-Smith calls it all "existential poetry," meaning that it was always about something happening to the poet at the time. The Latin tradition of Catullus and Horace, which Graves admired for so long and taught so briefly, is surely less self-centred than that.

Perhaps Graves's own word "reckless" fits his muse best. He applied it once to his war memoirs, *Good-bye to All That* (1929), which he wrote after the Hammersmith jump, partly

to make money and partly to store himself from going crazy; it did both—and some will always think it his best book, its title perhaps an echo of "Goodbye chaps." But it was hardly meant to be his best.

His letters, too, are lively to the point of recklessness. Hammersmith itself has seldom been so lively as in April 1929. I suspect, when neighbours watched two poets exploding out of upper windows and hitting the pavement in varying postures. There is certainly no lack of pace in either of these books. The trouble is that Graves has always offered himself to the world, above all, as a master of poems that will last. Will he be remembered longer for his prose, one wonders, such as the *Clouds* novels that lately entertained millions on television, than as a bard? That, it true, might be an irony he would fail to enjoy.

Meantime, even after two new books, the unanswered questions remain. His study of his friend Lawrence of Arabia, and friend *Good-bye to All That*, strike one as almost martial and patriotic books now, though their author has somehow acquired a reputation for

having been anti-war at the time. His private life, as unveiled here, turns out to have been an engaging mixture of the bohemian and the domestic. His scholarship is wide but wild. I suspect that even without his cranky ideas about Dickens (whose *Copperfield* he once tried to improve), Milton's married life, white goddesses, Greek myths and *Omar Khayyam*, we might still find Graves's genius too improvisational, and above all, too close and too recent, to decipher all at once and as a whole.

His letters are hasty, if

revealing: his public writings,

at times, hardly less so. He has

produced such an awful lot

since the age of 13, in over 70

years; and when he began

writing, Edward VII was King

and Campbell-Bannerman

Prime Minister. "I continue

slow and sharp in my broken

images" is a line from one of

his poems that gives Mr O'Prey

the title for his selected letters

Broken Images is about right.

These are poems that somehow

look much better printed singly

in journals than collected into

books, and they are perhaps

best read headings too: reckless.

and unrevisable incursions into

that recurring ardency for

which he has failed to find a better name than love.

Scots village sports

BY ADAM MARS-JONES

A Field Full Of Folk
by Iain Crichton Smith. Gollancz, £6.95. 144 pages

Providence
by Anita Brookner. Jonathan Cape, £6.95. 183 pages

Against The Stream
by James Hanley. Andre Deutsch, £6.95. 256 pages

Love-Act
by M. E. Austen. Jonathan Cape, £6.50. 192 pages

Getting It Right
by Elizabeth Jane Howard. Hamish Hamilton, £7.95. 264 pages

By a short head the most accomplished novel published this week is Iain Crichton Smith's *A Field Full Of Folk*, a lively portrait of a Scottish village. If there is a central character it is the Minister, who suffers from cancer and from loss of faith, though he is unable to discover a connection between his afflictions; but the whole community is summoned up, in scenes of vivid brevity.

Hardly less fine is Anita Brookner's *Providence*, though it is dawed at beginning and end. The book's distinctive tone, lucid and delicate, which stays very close to its heroine without losing focus on the world around her, takes a chapter or two to make itself felt, and the happy balance is lost again in the final chapter, where Kitty Maule's hopes of marriage are shown to be deluded. By this time the reader has come to trust Kitty's instincts as well as her intelligence, and the effect of seeing a rather original character suffer a stock humiliation is shocking in the wrong way; it is almost as if the author underestimates her creature.

But there is much to enjoy in the interim. Kitty's absorbed, innocent seriousness is beautifully apparent in her relationships with her students, and with the colleague whose love she seeks to earn; it is refreshing to read a book which treats a graduate seminar as a potentially intense and dramatic event. To Kitty Maule, we are told, "reading interrupted by kissing and followed by death seemed an entirely

natural progression." It is much to Anita Brookner's credit that such a character seems neither bookish nor sentimental nor morbid.

James Hanley's *Against The Stream* is a welcome reissue of the book published as *The House In The Valley* in 1951. It tells the story of an elderly family living in the country, whose genteel isolation is disrupted by the arrival of a six-year-old boy, son of the family's runaway daughter. The style of the book (reminiscent of Henry Green) is correspondingly a mixture of repose and local excitement, with eccentric word-choices disrupting the stately paragraphs, and sentences which are somehow both casual and rhetorical in their cadence.

M. E. Austen's *Love-Act* is a first novel told from the point of view of a prostitute hired by an obsessive to re-enact thwarted love-affair. The heroine's vocabulary is improbably large, and there is a strong whiff of early John Fowles about the book's concern with manipulation, free will, acting and reality; but by



Anita Brookner: seminar

and large the point of view convinces. That is, after all, the acid test.

It is a test failed, alas, by Elizabeth Jane Howard's *Getting It Right*, a comic novel for which everything goes wrong. The hero is a virginal hairdresser with a phobia about life, but he never engages the reader's attention with his problems; only with hair is he eloquent or interesting, and he should leave life severely alone.

As a read, *America Held Hostage* suffers from many of the drawbacks of this kind of journalistic re-creation. On the one hand, there is nothing particularly interesting about a detailed record of telephone calls, rendez-vous in hotel bedrooms, meetings, when the activity is patently achieving nothing; on the other, Mr Salinger's attempt to inject vividness by the use of oratio recte in scenes where he could not have been present

Terror in Tehran

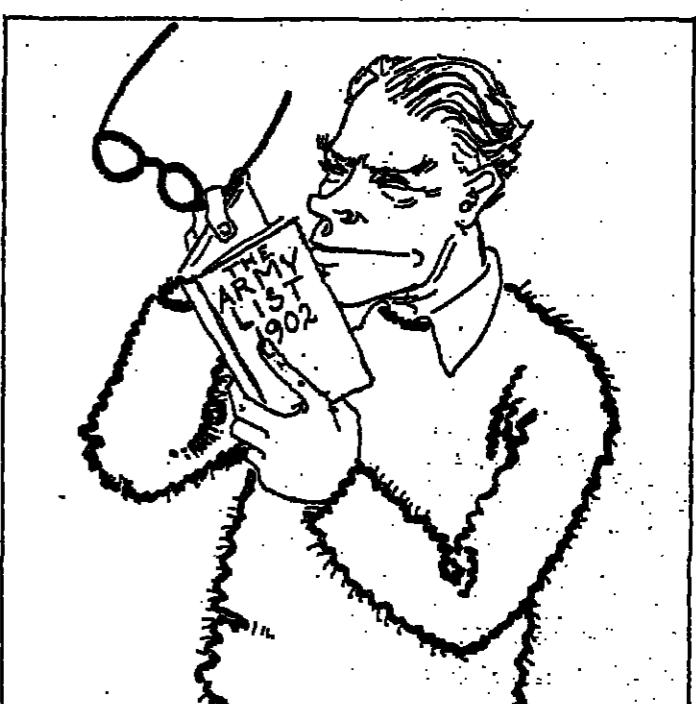
BY IAN DAVIDSON

America Held Hostage
by Pierre Salinger. Andre Deutsch, £10.95. 348 pages

narrative of events, to which he had in some respects very privileged access, that a great deal of negotiating activity was going on from beginning to end.

Or rather, that a great deal of activity was going on, largely with the participation of unpaid and unofficial intermediaries—a left-wing French lawyer, an Egyptian journalist, a German ambassador—but that effective negotiations did not really start until, after nine months, the Shah died in a Cairo military hospital. Within a month, the Ayatollah Khomeini was indicating that he was ready to look for a settlement, and thereafter the settlement, though repeatedly beset by alarm and excursions, came fairly quickly.

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Anthony Powell—a detail from Osbert Lancaster's drawing

Powell time

BY ANTHONY CURTIS

The Strangers All Are Gone: Volume Four of To Keep The Ball Rolling
by Anthony Powell. Heinemann, £9.50. 208 pages

Anthony Powell is the poet of coincidence. His novel sequence in 12 volumes is based on the principle that events with no logical or causal connection continually form coincidental patterns in the mind of a single individual. Hence the feeling one has that when reading a book by Powell, one is reading all the others at the same time (a feeling that distresses some of his readers). Hence his obsession with lineage and pedigree (the study of genetic coincidence).

The decision to organise a massive *roman fleuve* around the principle of coincidence was a greatly daring one which seems to have justified itself artistically, but does coincidence serve as well for a volume of memoirs?

No doubt life is full of coincidences, especially once you start to look for them, but somehow they do not arrive in the Memoirs with the same ease as they occur in the novels. The writer seems to have to force them along: "Like Macaren-Ross (though I imagine on a larger scale) Donaldson came from a shipping family . . ." he writes about the perpetrator of Henry Root. The underlay here, as Henry says of carpets, of one personality beneath a totally different one, serves not to illuminate either, but to give the text an air of extraneous padding. This is also true of continual referrals in the earlier part of this volume to other volumes of the Memoirs, and to the novels, of the third memoir of Macaren-Ross in recent years.

Mr Powell was responsible for the book reviews in *Punch*, and has some wise saws to offer on that invidious job. One of his chief fiction-reviewers was the short-story writer Julian Macaren-Ross, whom Mr Powell has already immortalised fictionally as X. Trapnel. Now he gives us a portrait of the man himself: he seems to dominate the book. This represents the third memoir of Macaren-Ross in recent years.

with short titles printed in brackets after them.

However much a writer may try to break life down into coincidental patterns it does have to be lived chronologically; thus in recalling his past years Mr Powell is forced to give a hazy sense of the progression of historical time to which his readers may cling. Or, as the blurb cautiously puts it, "this fourth and last volume begins about the year 1952 and continues more or less to the present day."

During that period Mr Powell not only wrote *A Dance to the Music of Time*, he also removed himself from London and went to live in the country. There is an agreeable description here of his house, The Chantry, and of visits to eccentric neighbours such as Siegfried Sassoon. He made the acquaintance during this period of novelists of a later vintage than his own, such as Kingsley Amis and Alison Lurie, of whom there are perceptive vignettes. He had a play performed, permitting him to expatiate here about the theatre, and he served under Malcolm Muggeridge as Literary Editor of *Punch*. I found his chapter on his Punch years, "the London Charivari," the most rewarding in the book.

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Then, "down and out and 60" as he put it, Charles Aubrey Smith crossed the Atlantic and Shrewsbury side to Australia. Then he led the pioneer English cricket team to South Africa. W. G. Grace chose "Round the Corner Smith" to bowl for his team. Sir Aubrey was still batting right to the end. He died in 1948, aged 84.

Certainly he packed a vast range of experiences into his life. And Sir Aubrey's biography, David Rayner Allen's *Sir Aubrey: A Biography* (Elm Tree Books, £12.50. 172 pages) is warmly praised by a young dramatic critic called Bernard Shaw.

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Hollywood bowler

BY COLLEEN TOOMEY

Sir Aubrey: A Biography
by C. Aubrey Smith
by David Rayner Allen. Elm Tree Books, £12.50. 172 pages

"Born to smell of tobacco and Harris tweeds and to wave portentous eyebrows . . ." hardly seems the magic formula to provide an actor with either a lengthy, or a brilliant, career. But Sir Aubrey Smith was on just that image. His acting career spanned 100 stage plays in London's West End and on Broadway. He acted with the likes of Mrs Pat-

rick Campbell, Sir Charles Hawtry, and Ellen Terry, and was warmly praised by a young dramatic critic called Bernard Shaw.

Even before Sir Aubrey made his mark in *Tinsel Town*, he had already seen off another successful career. As a cricketer he was the sport's equivalent of a box office hit.

He captained the Shaw and Shrewsbury side to Australia, then led the pioneer English cricket team to South Africa. W. G. Grace chose "Round the Corner Smith" to bowl for his team. Sir Aubrey was still batting right to the end. He died in 1948, aged 84.

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June 1982

ARTS

Birth and breeding

BY B. A. YOUNG

Goodness, how delicately Professor Halsey and Professor Jensen stepped around one another in their discussion on *The Seeds of Cleverness* on Radio 3 on Wednesday! The subject, which I found riveting, was interesting, but was the investigation into why some people are more intelligent than others, and what they had to get down to sooner or later, was Professor Jensen's conclusion, published in 1969, that blacks are less intelligent than whites.

Example: when black children who had never lived with their natural parents were adopted by upper-middle-class white Americans, their average IQ worked out at 88, while the average IQ of white children in an identical environment was 116-118. Half-black children achieved 106. Professor Jensen got into enough trouble in 1969; we mustn't get him into any more now. Racial differences were no more than individual differences, he said; and the differences don't measure earning capacity, so the figures have no political or social implications.

This wasn't the main part of the discussion, which dealt with the ways used to estimate intelligence. I suppose I was firmly caught when they began with identical twins, which is what I am half of. The sad conclusion was that the ideal way to study the problem would be by cross-breeding, as with crops — hardly practical with chips.

The final minutes of the discussion filled me with alarm. Professor Jensen is currently trying to measure intelligence by laboratory tests, through electric potentials from the brain. This way you can measure intelligence without needing to measure knowledge. And ultimately it might be possible to discover just whereabouts intelligence lies in the chromosomes. Then, of course, we shall be able to muck about with it. But not, I was relieved to learn, in my probable lifetime.

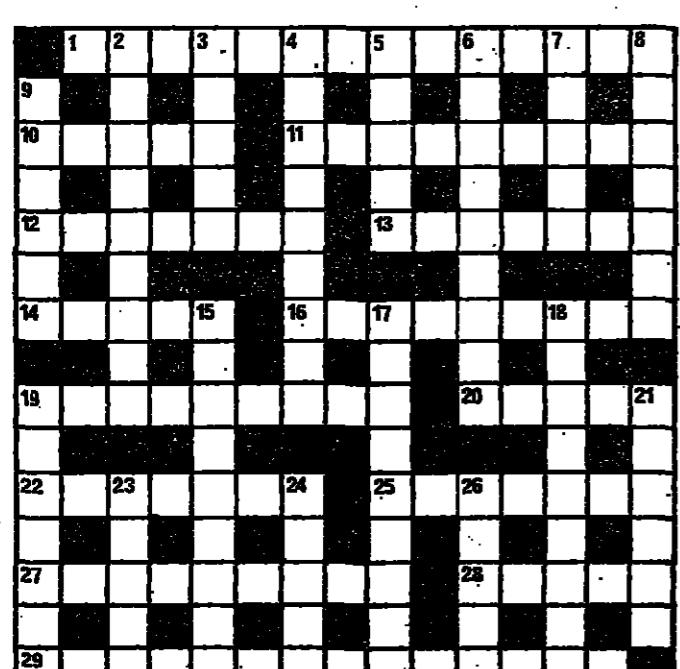
The professors would have been interested in the case of Marie Joseph. She was interviewed by Sue McGregor, someone I'm sure I ought to know about, as the first of a series of eight on Radio 4. Marie Joseph is a novelist, now working on the seventh of her Lancashire books. Her mother died at her birth, whereon her maternal grandmother wrapped her in her shawl and took her to live with her, aged 68. She never knew her father.

F.T. CROSSWORD PUZZLE NO. 4,872

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Canon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name

Address



Solution to Puzzle No. 4,871

1 DASTARDLY STUPID
2 HAMMERSHEAD
3 VIOLATOR FURCA
4 BIG LICKING
5 DEBENTURE HEART
6 EYE A WING
7 ABOUT PIONEER
8 S.D. O'ODD
9 PLEATED BODY
10 OBTAIN A TROPE
11 COGNATION
12 LNRKPLZI
13 ETALON RINGWORM
14 SIFPUO
15 STRIFE BEAMENDOS

Summer Show

BY WILLIAM PACKER

The Summer Exhibition of the Royal Academy is with us once more, first of that run of fêtes and sports that marks out the English summer for the special time it was always meant to be; and this year even Summer herself appears to have arrived on cue. Indeed to forget or ignore the Academy's more general social aspect and cultural rôle would be a great mistake. Unique amongst art exhibitions in a society that gives the visual arts somewhat low a priority, the Summer Show remains for so many people still the one show to be seen as a matter of course, a subliminal, insistent piety that quite transcends controversy and publicity, to say nothing of quality.

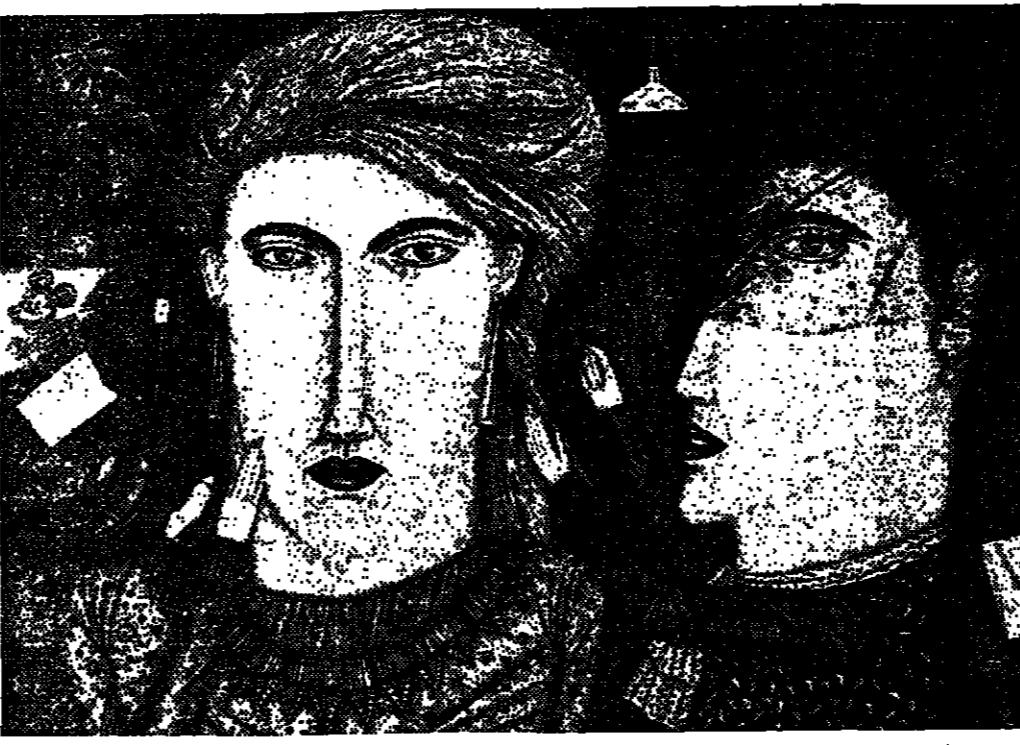
The Academy seems to touch a nerve: and to see it in terms of Art only, or going further to regret a careful, dare I say academic or scholarly selection and analysis it could never supply, is to miss the point.

The indioscences of the members, and the lottery of a mass submission, are strengths quite as much as they are weaknesses.

For myself, I might well complain of particular neglect or even injustice here, or wonder at the inexplicable decision there, and always there is proper criticism to make; but I would have it no other way.

This is no revolutionary nor even particularly experimental year, and there are no especially brilliant moments in the hang to any of the galleries; but that said, the selection is catholic and generous, and though inevitably there are dull passages, the general disposition is sensible. It was a good idea certainly to make over Galleries IV and V to the larger and mostly abstract expressionist paintings, for at that point they inject a salutary change of pace into the show, after the smaller figurative of the early galleries and the more ample pot pourri, the parts this year rather more than the sum of Gallery III; and they dispel the aura of wrongs hushed up that in other years would have afflicted their fellows, consigned to the far corners of Gallery VIII. Brian Fielding, Mark Ainsworth and Robert Clarke all show distinguished examples. In general the predominance of expressionist abstraction is marked, the virtual absence of constructivist painting equally so.

The brave high hang along those back galleries is also good



"Dressing up" by Janet Wooley

to see, for the work for the most part is strong enough to cope, and goodness knows the rooms were built for it. The hang elsewhere is as dense as ever, but less ambitious, and of course the visitor must work quite hard to winkle out the excellent from the manifestly indifferent. Galleries I and II are good, and packed most encouragingly with the members' own work. If there is little significant portraiture this year, Peter Greenham nevertheless continues to demonstrate his absolute distinction in the field, and in their other ways Olwyn Bowey, William Brooker, Roger de Grey and David Tindie are all undemonstratively outstanding.

And throughout there are good things: John Houston in Gallery II, Anthony Green in Gallery IV, Norman Adams, Anthony Whishaw and Henry Inlander in Gallery III, Laetitia Ynnes, Alan Dyer, James Palmer in Gallery VII, Anthony Eytoun in Gallery VIII, Norman Reid in Gallery XI, and the two South Rooms too. The two South Rooms are undistinguished, the Small Room unrelievedly so, the Large Room, though it contains a number of good things, admitted, especially among the drawings and watercolours. An unsentimental cutting up to 200 or more, would sharpen the show immeasurably.

A show can only be as good as its submission, the trick being to make the best of what you have. There is no rule to make good artists take part; one hopes they would be sufficiently encouraged to do so anyway, and clearly many are — or rather the painters are. Some honourable exceptions do appear this year (Tessa Pullan's large wooden Dobby, for example, and Nicholas Dimbleby's extraordinary sepulchral exercise, Veiled Lady), but it is hard to understand why the sculpture in general should again be so lamentable, especially so whilst distinguished sculptors in the Academy itself remain about.

One of the most charming things about the Academy is not so much its determination as its desire to please, and

having taken on so daunting a task (12,698 works sent in this time), and spent so much time (five weeks) and energy in putting the choice on the wall, one of the more poignant pleasures of press day is to discover the resigned, defiant anxiety of the members of the hanging committee to gauge the response to their honest labours. The question direct was put to me several times.

It is too easy, I think, to complain of what is not there, though I must say I am surprised at the paucity of true figure painting and drawing. At something over 1,500 works, however, the show is certainly too large, and my chief disappointment is at the number not of bad but of slight things admitted, especially among the drawings and watercolours. An unsentimental cutting up to 200 or more, would sharpen the show immeasurably.

These are matters for debate: the evidence remains before us until August 15 (daily except June 22-24) and whatever else it is, or is not, is worth seeing. The 21st Summer Show confirms the place the Academy has achieved in recent years, again where it should be towards the centre of our active cultural life. Lively, serious and various, it is not at all a bad show.

Sculpture must always suffer in large mixed shows, and perhaps it is time to take some hard decisions: a separate event perhaps, a more stringent process or a close invitation.

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Mrs Jones looked marvellous, and it must be said that her singing has reached a new level of distinction. Of the strains that for a while threatened her vocal production, there was no trace beyond a little "beat" at the strenuous heights of the Narration. There is a new largeness of fresh, open tone, with all the old committed attack, and a new seriousness about the words, which were clear and subtly coloured. Her quiet, pene-

Tristan und Isolde

BY DAVID MURRAY

This has been Covent Garden Proms week, thanks to the generosity of the Midland Bank. Prommers make a rapt and rewarding audience, and on Thursday they enhanced what was in any case a remarkable performance: the revival of the Royal Opera *Tristan* which celebrates Jon Vickers' 25th anniversary with the company, and brings us for the first time Gwyneth Jones' *Isolde*.

In a summary report, it would be pointless to recount again why *Vickers' Tristan* is one of the wonders of our operatic age. He was in magnificent, commanding voice; intoning in Act 2 (where most *Tristans* are all too aware that Act 3 stretches before them), he was eloquent beyond comparison in the love duet — "So stürben wir . . . gripped the heart. His Act 3 had all its hallucinatory power, and in fact new insights have accrued to his incarnation of the entire role. It was his Kurwenal, Donald McIntyre, who seemed to run out of voice, though on shipboard in Act 1 he had been gruffly effective.

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trating declaration at the end of Act 2 was nobly done. She doesn't quite capture a certain darker dimension of the role: this *Isolde*, one felt, would never really choose a *Todestrunk* over a love-potion.

Partly for that reason, perhaps, her Brangäne carried less weight than usual; but Yvonne Minton was not in best form — her usual lustrous timbre a little dulled. The *Card* sadly flat, an air of well-meaning anxiety serving all dramatic ends indifferently. The new Young Sailor is Laurence Dale, excellent if you like his refrain delivered as an art-song. Gwyneth Howell's fine King Mark gathered weight as it proceeded, with small help from the conductor Colin Davis; there in Mark's monologue, and for much of Act 3, Mr Davis allowed himself to fall into abstraction, negligent routine. He is known not to like first nights; better will come. The latest salvage job on the production is the work of Jeremy Sutcliffe, and though it has no positive virtues (static, tentative, undetailed) it doesn't get in the way.

Walton symposium at Aldeburgh

To celebrate Sir William Walton's 80th birthday year the Britten-Pears School for Advanced Musical Studies is presenting two days (June 18 and 19) of lectures, discussions, films and concerts during the 35th Aldeburgh Festival.

David Matthews

BY ANDREW CLEMENTS

The comprehensive sponsor-

ship which the House of Du Pre has bestowed upon the Philharmonia Orchestra has extended to contemporary music, in a series of three open performances/lectures at St John's Smith Square. The last of these took place on Thursday evening when Simon Rattle conducted the orchestra in the second symphony of David Matthews. If the series is repeated next season, which one sincerely hopes it is, then the format must be rethought: an unstructured rehearsal session before the performance is not the aid to comprehension that a run-through with stoppages might have been. The fragments one heard of the symphony in the first half of Thursday's con-

cert could not cohere in any meaningful way.

In a complete performance, Matthews' symphony plays for a little over half an hour, in a single movement divided into seven sections. The composer's note referred to an underlying programme, a transition from innocence to experience. Materials compete with each other for dominance: the opening "innocent" bassoon theme is challenged by its distorted sibling on trombones in a duel that suggest Nielsen or Sibelius as an archetype, while the return of the opening theme in the epilogue is a triumphant rebirth, a Mahlerian affirmation.

Yet the symphony as a whole seems to rely too much on the

efficacy of those archetypes. Listening to this noisy, sometimes congested score, it was difficult not to remember that Matthews had worked as an assistant to Britten in his last years, helped Deryck Cooke on the completion of Mahler's tenth symphony and written a useful survey of Tippett. There is certainly a great deal of orchestral competence in his writing (the moments of over-scoring one put down as much to the hall as to any miscalculation) but less individuality. At times the voyage of experience seemed as much a traverse from the Brittenesque bassoon writing of the opening to the Tippettian flourishes of the closing sections; admirable models, but too carefully observed.

The brave high hang along those back galleries is also good

TV/Radio

+ indicates programme in black and white

BBC 1

6.25-8.55 am Open University (Ultra High Frequency only). 9.05 Sorry Mate, I Didn't See You. 9.30 Get Set For Summer. 10.52 Weather. 10.55 Golf: The Martini International from Wembley. 12.15 pm Grandstand, including News, Summary at 12.50; Football Focus at 12.30; 1.00, 2.10, 3.10; The Martini International, Racing from the Welsh Rally; 1.00 Darts: The News of the World Championship from Wembley; 1.15 News; 1.20 The ITV Seven from Newmarket and Newcastle; 2.55 Darts from Wembley; 3.45 Half-time Soccer News and Reports; 3.55 The ITV Seven.

4.05 The Curragh: Airlie Coolmore Irish 2,000 Guineas; 4.05 Boxing: Weltewight Championship of the World — Sugar Ray Leonard (U.S. Champion) v Roger Stafford (U.S.): 4.50 Results.

5.10 The Dukes of Hazzard. 6.00 News. 6.10 Regional Sports/News programmes. 6.15 Saturday Film: "The Last Wagon" starring Richard Widmark.

8.20 The Val Doonican Music Show. 9.10 News and Sport. 9.25 Dynasty. 11.10 Match of the Day. 11.10 Night Music. 11.45 Golf from Lindrick.

12.15 pm Continental Movie: "Aggression," starring Jean-Louis Trintignant.

12.30 pm Scottish Sports News Summary.

12.30 pm Northern Lights starring Judy Parfitt and Annette Badland.

12.45 London News Headlines followed by Bizarre.

13.45 Continental Movie: "Aggression," starring Jean-Louis Trintignant.

13.45 Success: Liza Starfield, with Hot Gossip and Dustin Gee.

13.55 The Cannon and Ball Show.

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13.55 The Cannon and Ball Show.

9.10 News on 2.

11.05 Snooker. 11.45 am The Films of Orson Welles: "Touch Of Evil."

11.45-1.35 am The Films of Orson Welles: "Touch Of Evil."

1.35 am Spiderman. 10.00 Tarzan.

10.50 Welcome Back Kotter. 5.45 pm Chips. 11.20 Thriller: "File It Under Fear."

11.20 pm The Flying Kiwi. 9.50 The Undersea Adventures of Captain Nemo. 10.15 Sesame Street. 10.45 pm Chips. 11.15 The Darts World Knockout Cup Final. 11.45 Dracula.

11.55 pm The Adventures of Black Beauty. 12.15 pm The Adventures of Black Beauty. 12.45 Rallying on the Ball: 12.45 The Adventures of the Franz-Antolini International Welsh Rally; 1.00 Darts: The News of the World Championship from Wembley; 1.15 News; 1.20 The ITV Seven from Newmarket and Newcastle; 2.55 Darts from Wembley; 3.45 Half-time Soccer News and Reports; 3.55 The ITV Seven.

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Saturday May 15 1982

When the cat's gone away . . .

THE FALKLANDS crisis has for the time being retired behind closely guarded doors at the UN headquarters in New York, leaving the public (and the markets) in a state of suspended hopefulness. Hope, however, keeps company with doubt, and ministers remain deeply preoccupied with the precise forms of words and action which might be accepted in Buenos Aires and yet regarded as honourable here.

Were ministers not so heavily preoccupied with the crisis in the South Atlantic they might by now be giving some urgent attention to another potential crisis in a totally different field. There are growing signs that the single-minded expansionism of the banking system is in danger of undermining the Government's monetary strategy.

The figures were already suggestive last year; but at that time it could be argued that competition in the mortgage market was merely a matter of market share, while the larger aggregates of lending and money were heavily distorted by the Civil Service strike.

Welcome

These explanations are now looking threadbare, as the stockbrokers' Greenhill, who have for years been among the leading monitors of the monetary scene, pointed out in a strongly-worded circular this week. There is a growing feeling, both in the City and in Whitehall, that something — something so far nameless — will have to be done.

This feeling may well explain the almost frenetic level of activity among the clearing banks in bidding for new retail deposits and offering new personal lending services. Barclays has announced its wish to resume Saturday opening (unions permitting). NatWest is offering 100 per cent mortgages, and Lloyds has bought a Norfolk estate agent to steer its business its way.

Saturday opening would be welcome. However, lending without margin, even in the domestic property market, hardly sounds like sound conservatism. The purchase of an estate agency, trivial enough in itself, might well be regarded as an outrageous precedent.

Even in Threadneedle Street, where enterprise among the banks is usually regarded indulgently, patience with the managements of the commercial banks seems to be wearing thin.

The reader, anxious perhaps for access to a bigger and better mortgage, may well wonder what harm there is in all this competition for his favour. The answer is that in many roundabout ways it hurts the rest of the economy, delaying the fall in interest rates which would assist industrial recovery. When bank lending is

Helpful

The unpleasant dilemma which will face ministers when they turn their attention to the matter is whether to attack credit interest rates to rise (perhaps temporarily), and probably see sterling rise uncomfortably too, or whether to go for some more discriminating form of intervention, such as special reserve requirements on long lending (common in other countries). Either way, the mortgage finance now on offer may not be so plentiful, or so cheap, as it looks today. A gilt boom would be more helpful to the Government than a mortgage boom.

growing at nearly twice the rate allowed even under the new, more permissive monetary targets. anti-inflation policy comes under great strain.

In the last few months the strain has been taken in a very odd way — gross over-funding by the Government. Government stock issues and national savings raised nearly £5bn more than the Government needed to finance its own (unexpectedly low) borrowing requirement.

Recycled

The excess money was fed back into the banking system through enormous official purchases of commercial bills, thus keeping the banking system liquid. As a result of this process, long-term funds raised by the Government were recycled into bank lending, maintaining the crowding out of capital markets and preventing the major rally in gilts which might otherwise have been expected. Yet the whole aim of the tough budget of 1981, and the endless subsequent drives to cut public spending, has been to create room in the capital markets to finance recovery.

This is an over-simplified sketch, of course, and one thing which has been impeding any official response is the difficulty of explaining the level of lending except in the mortgage market (which has a starting growth rate of over 90 per cent, but is not a large part of the total). Sometimes it seems that corporate borrowers have seen the heavily-supported bill market as a cheap way to finance their foreign currency needs. There has been large-scale corporate borrowing to support financial dealing, which suggests that the City specialists are not as sophisticated as they like to claim, but does not necessarily increase the danger of future inflation.

Whatever the explanation, however, it seems likely that the game of financing bank expansion through what amounts, for all practical purposes, to a large increase in the PSBR to finance industrial lending, will sooner or later be brought to an end.

For instance, the round trip from New York to Los Angeles costs just under \$300. But a return ticket between Cleveland and Dallas — a trip which involves not much more than a third of the distance — costs \$450.

However, there are lots of other reasons for the airline industry's troubles. The recession is one: far from the normal growth rate of 5 per cent or

more, the number of passengers carried on U.S. scheduled flights last year fell by nearly 4 per cent. High interest rates are another. Every point on the prime rate adds about \$30m to the industry's financing costs.

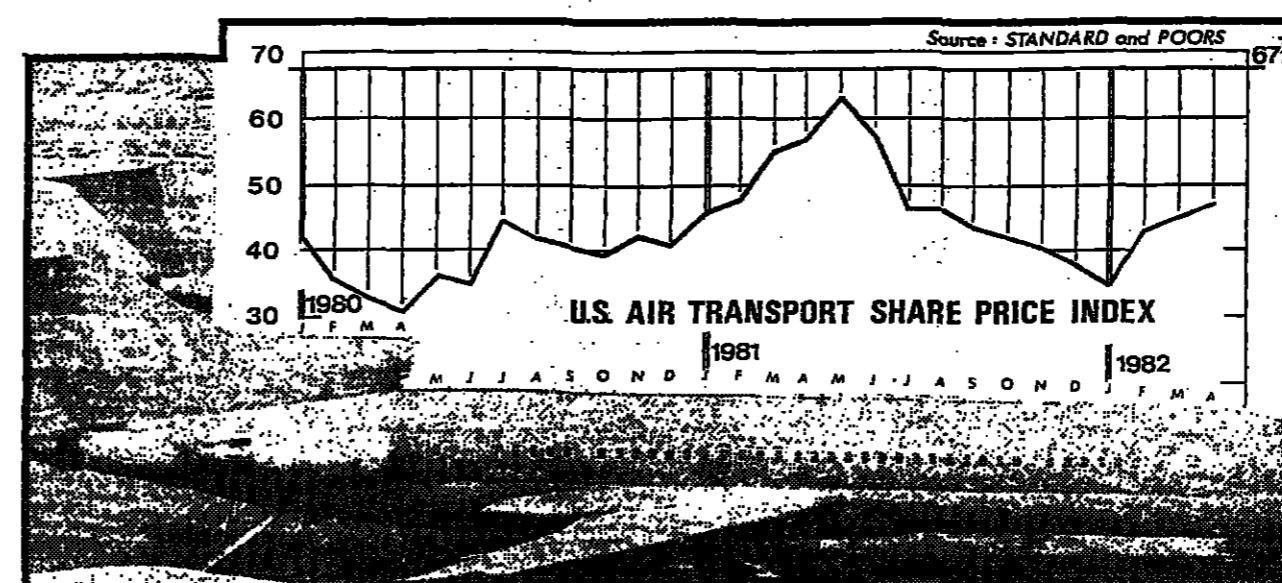
The dash for growth ran slap into the U.S. recession, and brought financial pressure on an enormous scale. There are obvious similarities with the downfall of Sir Freddie Laker in the UK earlier this year. Both airlines started with a successful formula, expanded beyond prudent financial limits, modified their staff in a bid to attract more passengers, and were finally brought down by growing public awareness of their financial difficulties. The final weeks of both airlines saw a sudden and precipitous fall in passenger traffic as travel agents steered their clients to other carriers.

Mr Howard Putnam, who took over Braniff's management last

U.S. LESSONS OF DEREGULATION

Braniff flies into the sunset

By Richard Lambert in New York



Martin Barnes

The collapse of Braniff may lead U.S. travel agents to look for the next airline bankruptcy candidate. But share prices of financially secure airline companies have rallied, for these should start making profits later this year.

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four in Europe and another four in the Pacific/Far East. Between 1977 and 1979, its long-term liabilities more than doubled to \$665m.

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Mr Howard Putnam, who took over Braniff's management last

autumn, is specifically not blaming deregulation for what happened this week. But there is one sense in which it is added to his difficulties. In the old days, an airline had two main assets: its aircraft and its route network. So when North East got into trouble in 1972, Delta had to go out to gain access to its routes.

Since the domestic network is now open to all licensed carriers, the value of such an asset

is a lot less than it was. And in today's chaotic market, no one was going to buy Braniff for its aircraft.

A large part of the U.S. airline industry was holly opposed to deregulation when it happened, but now the mood has changed. Delta was one of the strongest opponents of the legislation but now, it says, "the eggs have been scrambled."

It would like to see the Civil Aeronautics Board abolished at

once, rather than in 1985 as currently planned.]

Consultants McKinsey and Company recently analysed the impact of deregulation on five U.S. industries — stock broking, office telephone systems, airlines, trucking and railways. The conclusion was that three clear groups of winners are emerging from the fray. One is the big national company with a full line of attractive products and services — like Merrill Lynch or Delta. Another is the low cost producer — often a new entrant to the market such as the discount broking firms or People Express. The third category is the specialty firm with strong customer loyalty.

Braniff has spent the past few months desperately trying to fit itself into the second of these three groups. It failed, and it is perfectly possible that others will, too.

Although the share prices of

A TRULY DEREGULATED AIRLINE

"WE DON'T offer anything free that we can separately charge for," says Don Burr, 40, chairman of People Express. This so-called " unbundling" of charges for separate services is the key to success in a deregulated industry — whether it be stockbroking or airlines.

Burr runs a very tight airline. There are no secretaries — "I do all my own telephone and paper work" — and no unions. Workers are expected to shift from job to job, depending on where they are most needed at any one moment. Burr himself has been known to man the switchboard in busy times.

People Express works its

aircraft hard, too. It bought its 17 Boeing 737s from Lufthansa for a little under \$4m each (they cost as much as \$17m new) and by tearing out the first-class compartment and the galleys, it was able to add 28 seats to each plane. Its aircraft fly for upwards of 10 hours a day, far in excess of the U.S. industry's average.

Productivity is the key to the airline's low costs. It has just 694 full-time employees — 41 per aircraft, which is about half the average for an efficient U.S. airline. All the full-time employees have to buy shares in the company before they are taken on, and their average holding, accord-

ing to Burr, is now worth over \$20,000.

People Express passes its low costs on to the customer. It charges about 7 cents a mile on its routes to Florida and Buffalo, which — it claims — is a good bit lower than the comparable bus or train fare. One of its sales pitches is that it is cheaper to fly People Express than it is to drive.

In contrast to the plethora of fares offered by other airlines, People Express has only two different rates — peak and off-peak.

Burr, who spent time with a New York investment firm before moving on to Texas International Airline, thinks it is possible that the Braniff

collapse will bring pressure to re-establish a regulated fare structure. But, naturally enough, he does not think any such move will be successful. "The public has got used to low fares," he claims.

According to Mr McDonald, 1982 has all the ingredients for becoming a transition year for the U.S. airlines. That view has been recognised on the stock market where the share prices of the financially secure companies have been rallying sharply for most of 1982. These strong companies will survive, and should start making profits in the second half of the year. But some airlines have taken such a battering in the last few years that for them — like Braniff — the recovery may come just a few months too late.

about the ending of the 7 pm letter collection in some districts of London, you attribute to the Mail Users Association the statement that this Council is paid "to dance to the Post Office tune without representing the customers' interests."

Why the MUA should wish to engage in such bellicose and ill-considered utterances is unclear. What is not in any doubt is that the customer who we both seek to represent in our different ways is not best served by accusations which are patently unfounded.

For the record, POUNC members are drawn from a wide variety of backgrounds expressly to represent a broad section of customer opinion.

They give freely of their time and talents. They are unpaid.

Most of the costs of running this council goes towards providing a complaints service for Post Office and British Telecom customers as required by Act of Parliament.

Over 80 per cent of the council's staff resources are devoted to remedying customers' grievances, with considerable success in many cases.

The MUA has a short memory as regards POUNC's representation of customers' interests: only a few months ago this council was instrumental in persuading the Post Office to defer increases in prices across the whole range of its services. The "saving" to customers was put at around £12m.

On the more specific matter of the withdrawal of the 7 pm collection, we considered carefully the implications of any change on customers. We questioned the Post Office on several aspects of its proposal before reaching a conclusion. We established that out of a total of around 12m letters collected every week in the areas involved, a relatively small number of letters — just over 400,000 in the first class stream — would be directly affected. There would be a saving of more than £1m a year.

And there would still be collections from many sorting offices up to 6.30 pm. We con-

cerning secrecy in local government, I feel he has confirmed the point that local government independence has been seriously curtailed by Parliament. The matters about which he complains — local government reorganisation, the closure of steelworks, a national bank for Wales — were central Government decisions made irrespective of local opposition!

I can appreciate that he is unable to obtain the detailed spending plans of his local authority for the next three years. Government constraints make it impossible for local authorities to prepare such detailed plans. Government grants, capital allowances and cash limits imposed on local authorities are announced annually and often at such a late stage that the whole budget forecast has to be revised.

With regard to his inability to obtain details of council resolutions or information on local authority plans, I find these statements surprising. Every ratepayer is provided with information regarding both county council and city council spending as is now required by Government legislation. Council minutes and budgets are available at council offices and at public libraries. All city council committees and council meetings are published and the public is invited to attend. How could there be less secrecy?

John Reynolds
46, Richmond Road, Cardiff.

Conveyancing

From the Chairman, British Legal Association

Sir — Before seeking to correct me, Mr J. Frodsham (May 8) should get his facts right.

An *ad valorem* scale — upon which bank trustee departments base their charges — is one

where the charge is calculated solely by reference to the value of the estate or property in question.

Of course, the price of the property has some bearing on the fee for conveyancing although it is only one of many factors, including most importantly the complexity which can underlie any transaction.

The solicitor will be paid a fee which is fully justified by the time and effort involved in the transaction.

Any earlier estimate can only be an approximation.

Mr Frodsham's second point

shows that he prefers no allow-

ance for the thought which

underlies any action. If he

thinks that any solicitor can

give him a sensible reply to

any question without the relevant facts, he has a lot to learn.

Stanley Best

29, Church Road,

Royal Tunbridge Wells, Kent.

Elections

From the Labour Prospective

Parliamentary Candidate, Birmingham (Northfield)

Sir — Robin Pauley's article

on local elections (May 8)

singles out Birmingham (Northfield) where the Conservative

candidates had a majority of 600 over Labour.

Too much, however, should not be made of

this one election as in last year's

county elections Labour had a

majority in the constituency of

6,200 over Conservative.

The leader of the Labour

industry is still in its infancy, having only made significant progress in the past five years — and a different type of construction that allows formaldehyde to be drawn into the building.

The UK industry is far more advanced with research, product development, training and technical standards and controls. It is extremely rare for any small to come into a building that has been foamed in accordance with the government-supported British Standard for foam. This covers buildings of standard double skin masonry construction, which encourage the formaldehyde, given off during the drying and curing process and normally occurring a short time after injection, to disperse quickly and naturally through the outer wall. It is very rare in this country for there to be any significant leakage into the building, but where this does occur it can be treated according to accepted remedial practice.

In such an instance a fairly noticeable smell would be apparent for a short while, which might cause temporary irritation to the respiratory tract, i.e. runny noses and eyes, consistent with the extremely low levels of formaldehyde experienced in this country. We are not aware of any proven medical evidence of more serious symptoms in the UK. It is also apparent that some of the symptoms alleged are psychosomatic, due to the Press reporting of the totally different situation in America.

Indeed, it is a great pity that scavengers, some unforbidden and some deliberately malicious, have damaged a worthwhile and responsible energy conservation industry.

The general opinion in this country, which is supported by government, testing houses and the chemical industry, all taking a considered serious view, is that no real problem of fume emission exists with the use of urea formaldehyde in

the American cavity wall insulation.

The symptoms reported basically relate to the North American situation, and are due to a lack of experience and controls

— the American cavity foam in

the U.S. is not the same as the

British cavity

Duncan Campbell-Smith reports on a dramatic week for Britain's casino operators

How Trident's shares became a gamble

MR SANTO CALAIS is a Malaysian private businessman living just outside London whose hobby—as he describes it—is to keep a close eye on fast moving shares in the London stock market. He saw one around the turn of the year which had risen from 50p to 70p in eight weeks. He bought into the stock and saw its price reach 100p in March.

The stock was Trident Television, moving faster than most on the strength of a magnificent gamble. Its number came up this week—and arguments over the pay-out collected by Trident could cause a major upset, appropriately enough, in Britain's casino gaming industry.

Thousands of investors like Mr Calais moved in on Trident's shares after the company bought the London casino empire of Playboy Enterprises. Trident spent \$14m in late December on the purchase, chiefly, of the Playboy, Clermont and Victoria casinos. All of them were at that time threatened with imminent closure by the courts.

Under Trident's adroit management, the odds against a successful salvage operation began to shorten. As they did so, the casinos' £16m pre-tax profit performance in the financial year to June 1981 loomed ever larger in the stock market's view of Trident.

And this week, finally, it came before the South Westminster licensing justices to apply for its new licences—or, in the case of the Victoria, a licence renewal.

By Monday lunchtime, it was already clear that the stock market's confidence had been a little premature. In fact, a three-hour hearing on the Playboy application that morning left everyone confused.

Young men from the City queued for a telephone outside the court to report back to their



Workmen preparing the Clermont Club for gaming to start on Monday

In the year to last August, £930m was exchanged for gaming chips at some 125 casinos around the country

Mr Calais headed off to sell his shares. Many others did the same: Trident's stock dropped 18p to 62p by the close. The company's directors retreated in a huddle to Victoria's St Ermin's Hotel and began their post-mortem.

The results of that post-mortem did not have to wait long before being put to the test. Trident concluded that it had rested too much on laurels earned by working closely with Gaming Board officials in the run up to the hearing.

Too little, again, had been said about what Trident believes to be the unique appeal of Playboy. Neither mistake was made on Thursday, when new justices on the same bench heard the Clermont Club's application.

The hearing lasted a full day. Trident's counsel changed its tactics: Trident's casino staff expounded at great length on the efficiency of their computerised cheque-cashing facilities and the evident iniquities of past practices in the industry;

Trident's prospective customers sang the praises of the Clermont's unique style.

And the licence was granted. Trident's shares rallied 9p to 71p, buoyed up as well by the renewal—in a four minute hearing—of the Victoria's licence. The week's events had once again underlined the speed with which the fortunes of large companies can change in Britain's multi-million-pound casino industry.

In the year to last August, £930m was exchanged for

gaming chips at some 125 casinos around the country. About 70 per cent of this was spent in the capital—£127.35 for every adult in Greater London—where there are presently 16 operating casinos.

The gross earnings of the casino industry in 1980-81 amounted to 19 per cent of their customers' expenditure (the "drop"). In 1980-81, the industry paid licence duty of £13.5m, corporation taxes of £25m and PAYE taxes of £20m.

Over the next two months,

as every year at this time, all existing casinos must renew their licences before local justices, and aspiring operators must seek new licences.

The gaming industry is concerned with three main issues raised by the licensing process:

• The first is demand and how properly to measure it. The perception of demand is critical for new licence applicants and provides the final criterion for justices. The perception which undoubtedly counts most is that of the Gaming Board.

The Board makes 24 spot checks on every casino in the country over four November weekends, counting the attendance. It compares this with the total capacity, defined as the number of available tables multiplied by the number of players for which those tables were designed by their manufacturers. On this basis, advice is given to all justices as was the case for Trident this week.

London's total capacity for American roulette at any moment, for example, is deemed to be 1,000 people. The Board measured average usage last November at 599.3 with a peak usage of 709.

No one regards this system as perfect. Each year there are interminable disputes about it. The Gaming Board simply points out, however, that no one has yet devised a better alternative. Mr Dean Narayan,

one has no idea on what basis they decided the (Playboy) case," said Mr Lightman, who had also acted for Playboy. "Indeed, the position is it is rather like having power without responsibility." Asked by the U.S. counsel about the justices' social standing, Mr Lightman replied: "I dread to think what they represent."

Not surprisingly, the South Westminster justices took grave exception to his remarks—and their clerk, Mr L. G. Bowerman, sent a letter to the New Jersey hearing via the secretary of the Gaming Board to express their dismay.

Nevertheless, many in the legal profession as well as the industry itself worry that the justices may not have the legal background to grapple easily

with some of the complex judgments they are now called on to make.

• Third, there is the role of the Gaming Board itself. Thursday's justices found Trident "a fit and proper person" where Monday's could not. But the Board has worked with Trident since December. Mr Gwyn Ward Thomas, Trident's chairman, doubts the wisdom of a legal process so rigorously divided into two stages that months of work with the Board could stand or fall in a few hours in court.

The Board privately believes

Trident approached the course naively and questions some of the tactics it adopted. Officials defend the two stage process and emphasise the importance of the independence of each stage. New licence applicants do not have "their card marked in advance" by some elaborate system of nods and winks.

The process is clear, they say. The Board decides if an applicant is "likely to be capable of, and diligent in, securing the provisions" of the Gaming Act; the bench decides on fitness and propriety. And the process has worked, driving out Ladbrokes, Corals, Playboy Enterprises and others over the last few years.

This is precisely the point. The Board's critics make themselves. "The industry is moving into new hands," says Mr Ward Thomas, "and I think they are hands with which the Board should feel more comfortable and able to achieve a good and useful rapport."

Instead, the Board keeps its distance and new applicants must make a move before it will jump. The result seems to be genuine confusion about the Board's role in the whole licensing process. As Trident's chairman himself said this week,

"I don't understand why we have to play this cat and mouse game..."

MONDAY: President Francois Mitterrand of France holds talks with Mrs Margaret Thatcher, London.

April provisional capital expenditure by the manufacturing, distributive and service industries. First quarter provisional manufacturers' and distributors' stocks. Mid-April UK banks' assets and liabilities and the money stock. Mid-April London dollar and sterling certificates of deposit.

QUITO: Preliminary first-quarter estimate of gross domestic product based on output data. First quarter provisional capital expenditure by the manufacturing, distributive and service industries. First quarter provisional manufacturers' and distributors' stocks. Mid-April UK banks' assets and liabilities and the money stock. Mid-April London dollar and sterling certificates of deposit.

FRIDAY: April figures for—retail prices index; tax and price index; and cyclical indicators for the UK economy. Finished steel consumption and stock changes (first quarter—provisional).

Economic Diary

May 20. Electricity supply workers discuss pay offer.

TUESDAY: March provisional index of industrial production.

ASLEF conference opens, London.

Institute of Professional Civil Servants' conference opens, Bournemouth (to May 20).

National Union of Seamen conference opens, Tenby (to May 21).

Association of Professional Clerical and Computer Staff conference opens, Blackpool (to May 18).

Police Federation conference opens, Scarborough (to

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BUILDING SOCIETY RATES

	Deposit	Share	Sub/pn	Term shares
	rate	accounts	shares	
Abbey National	8.50	8.75	10.00	10.75 6 years sixty plus, 10.25 1 year high option, 9.25-10.75 1.5 years open bondshares
Aid to Thrift	9.55	9.50	—	—
Alliance	8.50	8.75	10.00	10.75 5 y., 10.25 4 y., 10.25 £500 min. 2 m. not or £100-80 d. int. pen.
Anglia	8.50	8.75	10.00	11.00 6 years; 10.75 3 years; 10.25 1 month's notice all interest loss
Bradford and Bingley	8.25	8.75	10.00	8.75 1 month's notice
Bridgewater	8.50	8.75	10.25	10.75 5 years, 9.85 21 years
Bristol Economic	8.50	8.75	10.00	8.50 3 months' notice and 9.75 on
Britannia	8.50	8.75	10.00	10.25 4 yrs., 10.00 2 months' notice
Burnley	8.50	8.75	10.00	10.75 5 yrs., 3 mth. not, 9.75 1 m. not.
Cardiff	8.50	9.25	10.25	9.50 on bal. £3,000-10,000; £10,000-20,000
—	—	10.00	—	£10,000 and over
Catholic	10.00	9.00	10.00	9.25 on share balances of £5,001+
Chelsea	8.50	8.75	10.00	11.00 3 yrs., 90 d. not on amt. wdn.
Cheltenham and Gloucester	8.50	8.75	10.00	—
Cheltenham and Gloucester	—	9.75	—	Gold Account Savings of £1,000 or more (8.75 otherwise)
Citizens Regency	—	10.00	11.25	12.00 5 yrs., 11.05 3 mth. notice a/c, 11.30 6 mth. notice a/c
City of London (The)	8.75	9.10	10.25	10.25 Capital City shs 3 mth. notice
Coventry Economic	8.50	8.75	10.25	10.50 4 yrs., 10.25 3 yrs., 10.00 3 mth.
Derbyshire	8.50	8.75	10.00	9.25-9.85 (3 months' notice)
Ealing and Acton	8.50	9.25	—	9.90 2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Greenwich	—	9.85	10.10	Plus a/c £500 min. Int. 1 year
Guardian	8.50	9.00	—	10.85 5 yrs., 10.10 3 months' notice
Halifax	8.50	8.75	10.00	10.75 5 yrs., 3 mth. not, 9.75 1 m. not.
Heart of England	8.50	8.75	10.00	— 3 mth. notice 9.75 5 yrs. 10.75
Herts of Oak and Endell	8.50	9.00	10.00	10.75 5 yrs., 10.25 8 mth., 10.00 4 mth.
Hendon	9.00	9.75	—	10.50 6 mth., 10.25 3 mth.
Lambeth	8.50	9.00	10.50	11.00 5 yrs., 10.75 6 months' notice
Leamington Spa	8.50	8.85	11.93	10.35 1 year
Leeds and Holbeck	8.50	8.75	10.50	10.75 5 yrs., 9.75 1 mth. int. penalty.
Leeds Permanent	8.50	8.75	10.00	10.75 3 yrs., EL a/c £500 min. 9.75
Leicester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 mths.
Liverpool	8.50	8.75	10.05	9.75 min. 1,000, 3 yrs.
London Grosvenor	8.00	9.25	11.00	9.75 3 mth. notice 1 mth. int. pen.
Mornington	8.50	9.80	—	—
National Counties	8.75	9.05	10.05	9.75 35 days' notice min. dep. £500, 10.15 6 mth. min. dep. £500
Nationwide	8.50	8.75	10.00	10.75 5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice
Newcastle	8.50	8.75	10.00	10.75 4 yrs., 9.75 2 mth. notice, or on demand 28 days' int. penalty
New Cross	9.50	9.75	—	9.75-10.50 on share accs., depending on min. balance over 5 months
Northern Rock	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	9.50	9.75	11.25	10.75 3 yrs., 10.50 2 yrs.
Paddington	8.25	9.25	—	10.25 Loss 1 month int. on sums wdn.
Peckham Mutual	8.50	9.50	—	10.00 2 y., 10.5 3 y., 11.0 4 y., 9.75 Bns.
Portsmouth	8.65	9.05	10.55	11.10 (5 yrs.) to 10.50 (8 mths.)
Property Owners	8.75	10.25	11.75	11.75 4 yrs., 11.75 6 mth., 11.05 3 mth.
Provincial	8.50	8.75	10.00	10.75 3 yrs., 9.75 1 month
Skipton	8.50	8.75	10.00	9.55-10.00 28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00 2 yrs. (early withdrawal option)
Sussex Mutual	8.75	9.25	10.75	9.50-10.75 all with special options
Town and Country	8.50	8.75	10.00	11.00 5 yrs., 10.75 3 yrs., 60 d. wdn. not, 10 2 mth. not./28 days' int. loss
Wessex	8.75	9.80	—	—
Woolwich	8.50	8.75	10.00	10.75

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Argyll Foods agreed to buy Sir James Goldsmith's British food retailing business Allied Suppliers for £101m. Argyll has a market valuation of £44m based on the price of the shares of 104p when dealings were suspended and is financing the acquisition through a tender offer of 95m of its shares at between 85p and 100p to raise between £81m and £95m. The balance of the purchase price, depending on the success of the issue, will be provided by loans from Samuel Montague and Midland Allied Suppliers was the largest UK food retailer when Sir James' Cavendish Group bought the company 10 years ago. If the merger goes through it is conditional on clearance from the Office of Fair Trading—the combined group will rank fourth in the UK retail grocery market.

Mr Brian Haggas agreed to pay £9.2m cash to buy back from Dawson International the Keighley spinning and knitting businesses carried on under his family name. Dawson bought John Haggas late in 1978 for £24.5m. At that time, the Haggas family interests received some £12.5m as their share of the sale.

Holland Quina, a recently-established Irish company, agreed terms for a £4.5m takeover of H. Williams, the troubled Dublin-based supermarket group. The offer consists of £7 cash for each ordinary share and £2.87 for each A share.

Grievson Grant and Carr Sebag, two London stockbroking firms, are in talks that could lead to a merger. The move follows an approach by Carr Sebag in the middle of last month, sounding out Grievson Grant on the subject.

British Car Auctions is acquiring Nashville Auto Auctions and Metro Auto Auctions of Kansas City for a total consideration of \$9m (£5.4m).

Dealers in Luis Gordon, the Domecq sherry importer and distributor, were suspended at 20p on Thursday when it was announced that discussions are taking place over a possible buy-out by Domecq of the 30 per cent minority shareholding in Luis Gordon it does not already own.

Mr Robert Maxwell, through his company British Printing and Communications Corporation, launched a counter bid for Lonsdale Universal, the office equipment and printing group. BPCC had acquired a 10.64 per cent stake in Lonsdale since last month's dawn raid and subsequent 60p per share cash bid by John Menzies. BPCC is offering 68p per share cash, valuing Lonsdale at £5.8m. Mr Maxwell also announced that BPCC is paying £3.5m cash to buy the assets of Finlays Printing and Publishing from the receivers and began discussions with printing concern Woodrow Wyatt about a possible rescue after the last named announced that it was going into receivership.

Company Value of Price Value of Price Value of Price Value of Price

Company	Value of bid for	Market share**	Price before bid	Value of bid	Price f.m.s.**	Price	Value of bid	Price	Value of bid	Price	Value of bid	Price
Prices in pence unless otherwise indicated.												

Assoc. Cons. "A" 110* 108 5211 59.70 TVW

AAA Inds. 41 35 3511 1.65 Glossop

Adm. Strathclyde 135* 140 126 4.08 Charter Cons.

Capseals 50* 50 45 2.43 Sonoco

Cawoods 31188 284 263 150.62 Redland

Ductile Steels 17088 156 114 23.13 Glynned

Empire Stores 11588 102 9211 37.84 GUS

Federated Land 175* 172 142 19.03 BSC Pus. Fund

General & Comm. 286* 255 235 15.32 Britannia Arrow

Grant Bros. 190* 186 179 2.28 Jadepoint

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£'000)	Earnings* per share (p)	Dividends* per share (p)
Arrow Chemicals	Dec	146 (488) 3.0	(—)	(—)
Bank of Ireland	Mar	62,600 (52,700) 82.9	(83.5) 11.5	(11.5)
Barr & Arnold	Dec	353L (50) 1.1	1.0	(3.0)
BHS	Apr	42,560 (39,660) 13.0	(13.5) 4.75	(4.5)
Bulmer & Lumb	Mar	572 (776) 5.5	(6.1) 3.82	(3.82)
Coats Patens	Dec	74,800 (65,900) 14.7	(13.9) 4.0	(4.0)
Costain	Dec	47,993 (42,550) 48.1	(47.0) 11.0	(10.0)
Ellis & Goldstein	Jan	1,420 (1,240) 5.0	(5.1) 2.15	(2.15)
European Ferries	Dec	21,780 (30,360) 7.9	(12.8) 3.1	(3.18)
Feedex Agricr.	Dec	432 (360) 3.8	(3.0) 1.15	(1.15)
Fest. Castle Elect.	Jan	327 (531) 9.8	(7.1) 2.15	(2.15)
Folker (J.) Hefo	Dec	724L (1,350) —	(3.4) 1.25	(1.25)
Foster (John)	Feb	2,911 (888) —	(—) 0.5	(0.5)
Francis Inds.	Dec	1,749 (1,800) 13.7	(14.4) 5.0	(4.75)
Gates (Frank G.)	Dec	1,808 (1,000) 11.5	(10.6) 2.5	(2.0)
Gawthorpe	Jan	1,258 (270) —	(—) 0.25	(0.25)
Holt Lloyd Intl.	Feb	3,070 (3,270) 5.6	(5.6) 3.17	(3.17)
Hunting Assoc.	Dec	6,200 (6,080) 34.4	(40.4) 5.8	(5.8)
King & Shazzan	Apr	1,559 (1,555) 12.0	(10.2) 6.5	(6.5)
Kwik-Fit Tyres	Dec	1,500 (4,010) 3.6	(4.1) 1.36	(1.36)
Ley Cooper	Dec	9,030 (6,550) 27.7	(27.4) 3.01	(2.74)
Manor National	Dec	200 (375) —	(—) 0.25	(0.25)
Minty	Jan	107 (318) 17.5	(44.7) 7.5	(10.0)
More O'Farrell	Dec	3,050 (3,600) 9.9	(11.5) 3.7	(3.0)
Myson Group	Dec	7,120L (3,430) L —	(—) 0.25	(0.25)
Nurdin & Peacock	Dec	10,090 (8,650) 11.0	(10.1) 2.7	(2.25)
Porter Chadburn	Jan	1,911 (201) —	(—) 0.35	(0.35)
Sears Holdings	Jan	104,000 (99,700) 4.8	(5.7) 2.5	(2.3)
Seccombe Marshl.	Apr	410 (389) 29.3	(24.2) 20.0	(18.0)
Shires Inds.	Mar	390 (435) 10.6	(12.0) 11.8	(11.8)
Smurfit (Irfarn.)	Jan	21,370L (17,410) 12.0	(8.7) 4.63	(4.63)
Tysons Contrcts.	Dec	1,480 (291) 29.1	(7.6) 2.12	(2.12)
UEI	Dec	4,210 (3,210) 11.4	(10.4) 4.3	(3.58)
Usher Walker	Dec	338 (388) 8.7	(16.6) 4.29	(4.07)
Wace Group	Dec	606L (1) —	(—) 0.36	(0.36)
Walker (J. O.)	Dec	116L (20) 4.0	(79.3) 1.0	(3.0)
Yorklyde	Jan	1,150 (949) 56.7	(75.6) 16.5	(15.0)

Scrip Issue

Seccombe Marshall and Campion—One for seven.

Optimism at R. Cartwright

Mr J. C. Northam, chairman of R. Cartwright (Holdings), manufacturer of door and window furniture, told the annual meeting that short-time working in some of the group's companies had continued, but he

Planning Now for Bull Swing's Biggest Jumps

As Upswing Begins, Seeds of Discovery are Already Planted

This advertisement is issued in compliance with the Regulations of The Stock Exchange.

Nationwide Building Society

Placing of £5,000,000 13% per cent Bonds due 23rd May 1983

Listing for the bonds has been granted by the Council of The Stock Exchange. Particulars in relation to The Nationwide Building Society are available in the Exetel Statistical Services. Copies of the placing Memorandum may be obtained from:

MARTIN CURRIE & CO. INVESTMENT TRUST COMPANIES AT 30th APRIL 1982

Geographical Spread											
Total Assets	Current Liabilities	North America	UK	Japan	Other	Net Asset Value	Price	Share Price	Gross Yield	Total Return on NAV (base=100)	on NAV (base=100)
£ million	£ million	%	%	%	%	p	p	%	5 yrs	5 yrs	5 yrs
13.8	48 39 7 6	5211	59.70	TVW	Canadian & Foreign Inv. Trs.	195.8	172	4.7	169.8	98.6	98.6
24.5	63 26 8 3	3511	1.65	Glossop	St. Andrew Inv. Trs.	204.7	163	5.7	164.9	102.0	102.0
128.4	50 36 9 5	126	4.08	Charter Cons.	Scottish Eastern Inv. Trs.	112.6	80	6.0	164.2	98.6	98.6
30.3	43 38 10 9	35	2.43	Sonoco	Scottish Ontario Inv. Trs.	107.1	85	5.3	150.5	98.2	98.2
71.9	57 32 9 2	235	15.32	Britannia Arrow	Securities Trust of Scotland	151.8	113	6.4	160.6	101.0	101.0

29 CHARLOTTE SQUARE, EDINBURGH EH2 4HA. TEL. 031-225 3811

LOCAL AUTHORITY BOND TABLE											
Authority	Annual Interest gross	Payable	Minimum of interest	Life	Current	Term*	Conversion dates*	Flat yield	Reduced yield	Premium†	Income
(telephone number in parentheses)	13%	1-year	1,000	4-8	£	Years				£	£
Knowsley (051-548 6555)	13%	1-year	1,000	4-8	13%	1				13%	13%

Statistics provided by DATASTREAM International

U.K. CONVERTIBLE STOCK 15/5/82

Name and description

Size (fm)

Current price

Terms*

Conversion dates*

Flat yield

Reduced yield

Current

Premium†

Equi. S. Conv. Div.‡

Current

Income

Conv. Div.‡

Current

Conv. Div.‡

Current

Conv. Div.‡

Current

Companies and Markets

WORLD STOCK MARKETS

NEW YORK

Stock	May 13	May 14	Stock	May 13	May 12	Stock	May 13	May 12	Stock	May 13	May 12	Stock	May 13	May 12			
CACI Industries	57 1/2	57 1/4	Columbia Gas	33 1/4	33 1/2	GT At. Pac. Tea	5 1/2	5 1/2	Schlitz Brew.	15 1/2	15 1/2	Metromedia	207	210	Metromedia	15 1/2	15 1/2
AMC	18 1/2	19	Coum. Ind.	28 1/2	30 1/2	GT Hutton	32 1/2	32 1/2	Milton Bradley	19 1/2	19 1/2	Moore	207	210	Moore	15 1/2	15 1/2
AMR	14 1/2	14	Com. Eng.	28 1/2	30 1/2	GT West Financ.	13	13 1/2	Minnesota MM.	55 1/2	55 1/2	Scott Paper	16 1/2	17	Scott Paper	16 1/2	17
ARA	32 1/2	31 1/2	Comm. Satelite	62 1/2	65	Greyhound	13 1/2	14	Mobile	65	65	Seacor	25 1/2	25 1/2	Seacor	25 1/2	25 1/2
AVX Corp.	32 1/2	31 1/2	Com. Sci.	21 1/2	21	Gruuman	27	27	Merchandise Power	31	30 1/2	Merchandise Power	31	30 1/2	Merchandise Power	31	30 1/2
Avco	31 1/2	31 1/2	Comp. Mills	31 1/2	31	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Avco Clave	20 1/2	21 1/2	Comp. Sci.	12 1/2	13 1/2	Gulf Oil	33 1/2	33 1/2	Schultz Brew.	15 1/2	15 1/2	Sears Roebuck	20 1/2	20 1/2	Sears Roebuck	20 1/2	20 1/2
Adobe Oil & Gas	20 1/2	20 1/2	Conrac	24 1/2	25 1/2	Hall (FB)	28 1/2	28 1/2	SCM	24	24	Security Pac.	20 1/2	20 1/2	Security Pac.	20 1/2	20 1/2
Avon Life & Prop.	41 1/2	42	Cons. Edison	37 1/2	38 1/2	Hann. & Western	22 1/2	23 1/2	Minnesotta MM.	55 1/2	55 1/2	Seacor	25 1/2	25 1/2	Seacor	25 1/2	25 1/2
Ahmann H.F.	11 1/2	11 1/2	Con. Freight	35 1/2	35 1/2	Hanover	13 1/2	14	Mobile	65	65	Seacor	25 1/2	25 1/2	Seacor	25 1/2	25 1/2
Al Prod & Chem	35 1/2	35 1/2	Con. Nat. Gas	48 1/2	48 1/2	Hanover	13 1/2	14	Merchandise Power	31	30 1/2	Seacor	25 1/2	25 1/2	Seacor	25 1/2	25 1/2
Albany Int.	26 1/2	26 1/2	Consumer Brace.	17 1/2	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Alberto-Culv.	14	14	Conti. Corp.	26 1/2	27	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Albertson's	11 1/2	10 1/2	Conti. Group	28 1/2	28 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Alco Standard	21 1/2	21 1/2	Conti. Illinois	25	25	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Alexander & Al.	27 1/2	26 1/2	Conti. Value	25 1/2	26 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Aleghany Int.	37 1/2	37 1/2	Control Data	28 1/2	28 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Allied Stores	25 1/2	25 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Alis-Chalmers	11 1/2	11 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Alpha Portd.	11 1/2	10 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Alcos	26 1/2	26 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Almar. Sugar	45 1/2	45 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Almond Corp.	22 1/2	22 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Amerada Hess.	22 1/2	22 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Airlines	14 1/2	14 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Broadcast	3 1/2	3 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Can.	27 1/2	27 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Cyanamid	25 1/2	25 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Express	1 1/2	1 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Inst. Inc.	1 1/2	1 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Holt & Dk.	14 1/2	14 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Hosp. Supp.	22 1/2	22 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Med. Int'l	1 1/2	1 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Petina	1 1/2	1 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Quasar Pet.	11 1/2	11 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Am. Standard	26 1/2	27 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
AmTel. Tel.	40 1/2	40 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Ametek Inc.	64 1/2	65	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
AMP	27 1/2	27 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Amstar	22 1/2	22 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Amstead Inds.	22 1/2	22 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Amwest Corp.	18 1/2	18 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Amwest Corp.	18 1/2	18 1/2	Hann. & Western	18	18 1/2	Hann. & Western	18	18 1/2	Monarch M/T	15	15	Searie (GDI)	11	11	Searie (GDI)	11	11
Amwest Corp.	18 1/2	18 1/2	Hann. & Western	18	18 1/2	Hann. & Western	1										

Interim earning collapse at Pioneer Electronic

BY YOKO SHIBATA IN TOKYO

PIONEER ELECTRONIC, Japan's largest manufacturer of audio equipment, and its 46 consolidated subsidiaries suffered an 82.5 per cent fall in net profits, to Y1.28bn (55.4m), in the first half ended March.

The earnings collapse was blamed on higher fixed costs resulting from production cuts to adjust inventories and the heavy start up cost of video disc players.

Pioneer's consolidated interim sales slipped by 2.8 per cent to Y15.94bn (864.8m). Profits per ordinary share plunged to Y10.84, from Y64.62, in the previous year. Consolidated profits per American Depository Share (ADS) were Y22 against

Y129. In the first half Pioneer suffered a steep plunge in demand both at home and abroad. Partly because of poor Christmas sales its inventory, centring on overseas stocks, reached Y85.9bn at the end of June. Higher sales promotion expenditures to help clear inventories is expected to depress earnings considerably.

First-half parent company operating profits fell by 18.7 per cent to Y11.4bn, net profits fell 14.3 per cent to Y6bn on sales down 7.2 per cent to Y15.95bn.

Parent company full year operating profits are expected to fall by 42.8 per cent to Y13.5bn, net profits to fall 48.5 per cent to Y10bn and sales to decline 15.6 per cent to Y227bn.

Lafarge-Coppee sales boosted by acquisition

By Terry Dodsworth in Paris

LAFARGE - COPPEE, the French cement group, has announced a 15 per cent increase in net consolidated profits from FF 325m to FF 373m (362m) for 1981.

The results do not take account of FF 52m exceptional profit made in 1980, mainly from the sale of its Lafarge Emballage packaging division.

In addition, there were exceptional write-offs of FF 8m last year, leaving the overall profit on this basis slightly down on 1980.

Turnover rose by 53 per cent, from FF 8.3bn to FF 13.97bn, mainly because the accounts of the Coppee biotechnology group of Belgium were included for the first time.

Lafarge says it has consolidated the figures of General Portland, the U.S. cement group, only from the date of acquisition last November, so they have not had a significant impact on the overall outcome.

The group, one of France's fastest-growing international concerns in recent years, was hit in France last year by the stagnation in demand for cement.

Defence work lifts CNR back to black for 1981

BY JAMES BUXTON IN ROME

ITALY'S LARGEST shipbuilding company, the state-owned Cantiere Navali Riuniti (CNR), made a small but symbolically important profit last year, the first for several years. It achieved a net surplus of L12bn (\$1.5m) on turnover of L635bn.

The turnaround in the fortunes of the company, which is owned by the IRI-Fincantieri holding company, is mainly due to its successes in building warships, and to good progress in ship repair work.

Italy has become an important manufacturer of warships, including the Lupo Class frigate and smaller vessels. Last year, it signed a contract worth \$1.5bn for the supply of 11 warships — including four Lupo and six corvettes — and a floating dock to Iraq. Most of the work will be done by CNR, whose order-book consequently jumped by L1.84bn last year, an against new orders of L306bn in 1980.

CNR's profit for 1981 was struck after allowing L10.6bn for depreciation and L13bn for the losses of associate companies. In 1980, CNR's turnover was L486bn on which it made a loss of L5bn. But the figures are not directly comparable because in 1981 CNR incorporated two shipbuilding subsidiaries.

Operating earnings in the first four months of 1982 were "markedly better" than in the same period of 1981.

The interest margin is still not comfortable in view of cost pressures and risks which the margin must cover, the bank said. But the current trend is for a widening return.

Dresdner Bank recovery

BY OUR FINANCIAL STAFF

DRESDNER BANK expects better overall results in 1982 and the improvement in earnings should be reflected in the next dividend, the annual meeting was told.

The bank, one of the big three West German commercial banks, cut dividend in 1981 to DM 4 from DM 6, following a sharp fall in profits as a result

of heavy provisions.

Operating earnings in the first four months of 1982 were "markedly better" than in the same period of 1981.

The interest margin is still not comfortable in view of cost pressures and risks which the margin must cover, the bank said. But the current trend is for a widening return.

ADB borrows Y20bn

The Asian Development Bank (ADB) has obtained a Y20bn (\$85m) loan from Japan, its fourth direct borrowing from the Tokyo market, reports our Manila correspondent.

Companies and Markets

Sugar prices hit by U.S. import curbs

BY OUR COMMODITIES STAFF

WORLD SUGAR market values fell sharply as concern deepened over the effect of U.S. import restrictions on an already over-supplied free market. In a last-ditch attempt to stop the Government's quota plan, which is intended to support domestic producer prices, U.S. cane refiners have filed a suit in the courts against Mr John Block, the agriculture secretary. But it now seems virtually certain that the import curbs will come into force.

The failure last week of producing members of the International Rubber Agreement (INRA) to resist consumer pressure for a significant cut in the INRA support buying price pushed values down early in the week and the spot price reached 53p a kilo at one stage. But the resumption of INRA support buying later lifted prices.

A forecast by West German sugar statistician F. O. Lach that European crop yields in

the present season would be lower than last year's did little to strengthen the market. And dealers saw little prospect of next week's International Sugar Organisation council meeting in London having a material effect on market sentiment. The council will be discussing export quotas for the coming season.

Meanwhile last week's sharp decline in natural rubber prices was checked and the RSS No 1 spot position on the London physical market ended 0.75p up at 54.75p a kilo.

Fears that attempts to settle the Falklands Islands crisis were losing ground brought a firmer trend in the metal markets yesterday. But these gains mainly offset losses earlier in the week, with base metals in particular being hit by continued lack of demand.

In spite of yesterday's rally, higher grade cash copper ended the week £13 lower at £558 a tonne. Traders said the market had become overbought. So there was little reaction to news that Phelps Dodge, the big U.S. producer, is to extend the shutdown of mines and smelters for a longer period in view of a fall in prices to recover.

Aluminum futures fell to the lowest level since trading started on the London Metal Exchange at the end of 1973. Stocks are at a record level of well over 200,000 tonnes and consumer demand remains very depressed.

Silver prices dropped to the lowest level for over three years at one stage. Gold was almost entirely dominated by the Falklands Islands crisis. Trading activity was very subdued, although the market picked up strongly yesterday afternoon when hopes of an early peaceful settlement appeared to founder.

WEEKLY PRICE CHANGES

	Latest price unless stated	Change on week	Year ago	High	Low	1982
METALS						
Aluminum... Free Markets C.I.F.	£810.815 \$885/1015	—	£810.815/810.615/810.615 \$885/2355	—	—	£810.815/810.615/810.615
Antimony... Free Markets C.I.F.	£2800/2355	—70	£2875/885/2450/550/2125/2255	—	—	£2800/2355
Copper-Cash Grade... 3 months Do.	£2855	—15	£2840.5/2875/2855/2855/2855	—	—	£2855
Cash Cathodes... 3 months Do.	£2878.5	—16.75	£2852.25/2895.5/2855/2855/2855	—	—	£2878.5
Cash Lead... 3 months	£517.125	—1.5	£484.5/508.5/513/513/513	—	—	£517.125
Nickel... Free Markets C.I.F.	£289.75	—1.5	£284.5/287.5/287.5/287.5/287.5	—	—	£289.75
Platinum per oz... Free Market per oz.	£175.00	+0.70	£175.00/175.00/175.00/175.00/175.00	—	—	£175.00
Quicksilver/76 lbs... Silver per oz...	£875.75/— £777.00	+9.30 —9.60	£862.5/867.5/868.5/868.5/868.5 £720.5/722.5/722.5/722.5/722.5	—	—	£875.75/— £777.00
Tin cash... 3 months	£711.5	+47.5	£671.5/711.5/711.5/711.5/711.5	—	—	£711.5
Tungsten Ingots 1004 lbs... Tin cash... 3 months	£105.95	+0.75	£104.73/104.73/104.73/104.73/104.73	—	—	£105.95
Wine... 3 months	£412.75	—6.5	£412.75/412.75/412.75/412.75/412.75	—	—	£412.75
Producers... 3 months	£875.925/890.000	—8.35	£875.925/890.000/890.000	—	—	£875.925/890.000
GRAINS						
Baileys... Maize French...	£104.85 ±0.30	—	£104.85/£111.80/£102.50	—	—	£104.85 ±0.30
WHEAT Futures... Hart Winter Wheat...	£123.20 ±0.20	—	£101.5/£104.40/£111.70	—	—	£123.20 ±0.20
SPICES						
Chili... Pepper, white... black...	£6,200/— £1,840/— £1,840	—400 +40 +40	£6,600/6,600/6,600/6,600/6,600 £1,425/1,425/1,425/1,425/1,425	—	—	£6,200/— £1,840/— £1,840
OLEO...	£505.9	—	£555/555/555/555/555	—	—	£505.9
Linsen, Crude... Palm, Malayan...	£507.50	—3.5	£426/426/426/426/426	—	—	£507.50
SPICES (Philippines)...	£330.00	—	£325/325/325/325/325	—	—	£330.00
Coira (Philippines)...	£277.00	—	£277.00/277.00/277.00/277.00/277.00	—	—	£277.00
SOYABEANS (U.S.)...	£877.00	+4.35	£850.50/850.50/850.50/850.50/850.50	—	—	£877.00
OTHER COMMODITIES						
Cocoa Shipment... Cocoa Futures/Lib...	£1,004	—	£1,010/£1,010/£1,010/£1,010/£1,010	—	—	£1,004
Tea (Ceylon)...	£285.5	+2.60	£289.5/289.5/289.5/289.5/289.5	—	—	£285.5
Tea (India)...	£1,142.6	+4.0	£1,142.6/1,142.6/1,142.6/1,142.6/1,142.6	—	—	£1,142.6
Cotton Index...	77.05	+0.50	77.05/77.05/77.05/77.05/77.05	—	—	77.05
Gas Oil... Gas Oil-A/B/C grade...	£501.35	+13.75	£514/514/514/514/514	—	—	£501.35
Rubber kilo...	£269.75	+0.75	£267.65/267.65/267.65/267.65/267.65	—	—	£269.75
Sago Pearl...	£412.75	+0.75	£412.75/412.75/412.75/412.75/412.75	—	—	£412.75
Sisal No. 31...	£116.05	—13	£117/117/117/117/117	—	—	£116.05
Sugar (Raw)...	£840.75	—	£840.75/840.75/840.75/840.75/840.75	—	—	£840.75
Tea (Quality kilo)...	122p	—	122p/122p/122p/122p/122p	—	—	122p
Tea (plain kilo)...	78p	—	78p/78p/78p/78p/78p	—	—	78p
Wooltops, 6ds kilo...	£895.00	—5	£870.00/870.00/870.00/870.00/870.00	—	—	£895.00
Unquoted. (a) Madagascar. (b) Juno. (c) Soet. (d) May-June. (e) Aug-Sept. (f) Nominal. (g) Ghena coca. (h) June-July.						

the present season would be lower than last year's did little to strengthen the market. And dealers saw little prospect of next week's International Sugar Organisation council meeting in London having a material effect on market sentiment. The council will be discussing export quotas for the coming season.

Meanwhile last week's sharp decline in natural rubber prices was checked and the RSS No 1 spot position on the London physical market ended 0.75p up at 54.75p a kilo.

Fears that attempts to settle the Falklands Islands crisis were losing ground brought a firmer trend in the metal markets yesterday. But these gains mainly offset losses earlier in the week, with base metals in particular being hit by continued lack of demand.

In spite of yesterday's rally, higher grade cash copper ended the week £13 lower at £558 a tonne. Traders said the market had become overbought. So there was little reaction to news that Phelps Dodge, the big U.S. producer, is to extend the shutdown of mines and smelters for a longer period in view of a fall in prices to recover.

Aluminum futures fell to the lowest level since trading started on the London Metal Exchange at the end of 1973. Stocks are at a record level of well over 200,000 tonnes and consumer demand remains very depressed.

Silver prices dropped to the lowest level for over three years at one stage. Gold was almost entirely dominated by the Falklands Islands crisis.

Trading activity was very subdued, although the market picked up strongly yesterday afternoon when hopes of an early peaceful settlement appeared to founder.

LONDON STOCK EXCHANGE

Late improvement leaves index close to 1982 high
Glaxo strong again—British Funds hold steady

Account Dealing Dates

First Declarat. Last Account Dealings tions Day April 19 April 23 April 29 May 10 April 30 May 13 May 14 June 3 June 14 "New time" dealing may take place from 9 am two business days earlier.

Quiet conditions persisted in London stock markets as the trading Account came to a close. Nevertheless, recent underlying strength of the two main investment sectors in the face of the Falkland Islands crisis was again apparent yesterday. Leading shares finished with useful gains, while British Funds held relatively steady.

Gains in the industrial leaders were usually limited to a few pence in official trading. However, quotations made a ready response to occasional buying interest after 3.30 pm, when dealings are permitted without penalty for the three-week Account starting next Monday.

The late improvement was reflected in the FT 30-share index which extended a rise of 2.4 to the 3 pm calculation to one of 5.4 at the close of 30.6. This represents a rise of 8.3 on the Account and left the 1982 peak only slightly below the 1982 peak of 30.9 attained on Wednesday and within 7 points of its all-time high.

Glaxo, up 4 further to 152p, continued to benefit from the interim results. Elsewhere in Breweries, leading issues made a little progress.

Associated Heat Services made a bright market debut: the shares opened at 265p and advanced to 275p compared with the minimum tender price of 230p and the striking price of 250p. Yesterday also saw the start of dealings in Electric Protective, a subsidiary of Hawley-Carter, after opening at 95p, the shares were actively traded and reached in 95p before closing at 96p, a premium of 8p over the offer price of 87p.

Vaux, up 4 further to 152p, continued to benefit from the interim results. Elsewhere in Breweries, leading issues made a little progress.

UDS feature

Steady to firm of late on interest rate optimism, leading Buildings drifted off in places.

Blue Circle and RMC softening a couple of pence apiece to 495p and 248p respectively. Costain shed 2 for a three-day fall of 18 on further consideration of the preliminary results, but ended the week only 8 down on balance at 233p. Elsewhere, M. J. Gleeson added 3 to a 1982 peak of 115p in response to the excellent annual profits, 10 per cent dividend increase and proposed property revaluation, while Tysons (Contractors) put on a penny for a gain on the week of 9 to 44p on sharply increased preliminary profits.

The later maturities, down 4 in the early dealings, rallied to overnight closing levels and in some cases ended marginally better on the day. The Government Securities index closed only 0.06 lower at 69.15, or 0.40 of its 1982 high.

Grindlays up

The subject of a bout of speculative buying late on Thursday on talk of a 250p per share award from a Kuwaiti concern, Grindlays opened sharply higher at 235p yesterday, eased to 210p in the absence of such a development and closed a net 5 up on the balance at 220p. Elsewhere, the banking sector, Gains, Peat rose 3 to 80p following the announcement that a consortium led by Lord Kinnin, is planned to acquire the group's commodity trading business. Bank of Ireland hardened 3 to 240p on further consideration of the results, while Allied

dipped to a 1982 low of 23p before closing 2 down, and 11 lower on the week, at 25p with sentiment still clouded by talk of boardroom unrest. Renewed speculative support helped S. and U. Stores to improve 2 to 18p.

Quiet throughout the "House" session, leading Electricals became more active after-hours when some good buying for the new Account on defence spending hopes helped GEC to close with a fresh rise of 13 to a 1982 peak of 903p. Plessey finished 6 dearer at 428p, the annual results are scheduled for May 27, and Thorn EMI ended 7 up at 450p. Phillips Lampson, however, fell 13 to 151p, further confirming the poor figures. Still reflecting interest in the company, EST and London jumped 38 to 291p; part of the rise occurred too late to update the Share Information Service. CASE continued firmly at 267p, up 7, while Lee Refrigeration added 5 to 230p in response to Press comment.

Chemring continued to make good progress in Engineering, rising 7 for a jump on the week of 60 to 365p on defence spending hopes. Vosper hardened a penny to 153p, awaiting next Thursday's preliminary results but Mollins gave up 4 to 144p on fading hopes of a bid from BAT Industries. The leaders plotted an irregular course in thin trading.

But of late on fears of another price war, Food Retailers staged a small rally. J. Sainsbury improved 5 to 610p with Kwik-Save, 228p, and Associated Dairies, 124p, adding 2 apiece. Elsewhere, British Sugar met late support and gained 15 to 505p. Rowntree, Mackintosh hardened a couple of pence to 182p and Cadbury Schweppes a penny to 105p; both companies will be quoted ex dividend on Monday.

Already a couple of pence firmer awaiting the interim results, Grand Metropolitan added a few pence more on the announcement of profits in line with market estimates to close 5 up at a 1982 peak of 223p.

Glaxo at new peak

A rising market all week on hopes that its Zantac anti-ulcer drug might soon receive U.S. approval, Glaxo yesterday had improved to 680p by the 3.30 pm "House" close; a late announcement that the FDA advisory panel had recommended approval of the drug stimulated further interest and the close was 23 higher, or 57 up on the week, at a 1982 peak of 690p. Other miscellaneous industrial leaders closed firm with Bowater, 235p, and Pilkington, 248p, up 4 apiece. BOC hardened 2 to 189p ahead of next Monday's interim results. The proceedings elsewhere were featured by a show of strength in Johnson Group Cleaners which attracted speculative support and put on 20 to 130p.

Among Financial Trusts, Stormgard dropped 5 to 15p

on a

lative buying in a thin market

on vague bid rumours to close 27 up at 234p, after 238p, despite the reported bid denial.

Channel Tunnel advanced 20 to 135p on Press comment, while Aeronautical and General Rose a similar amount to 200p following support in a thin market. Old bid favourite, J. Bibby rose 15 to 390p, while Lansdowne hardened 2 to 65p in response to BPC's counter-bid of 66p cash per share. Speculative buying lifted Henry Boot 11 to 250p, and Excel gained 6 to 305p on the results due on May 27. London and Hamble fell 14 to 51p on the poor interim figures, while ETR remained friendless at 330p, down 10. Technical considerations prompted a reaction of 9 to 185p in Foseco Mining.

A volatile market recorded a

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INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS



FT SHARE INFORMATION SERVICE

LOANS—Continued

Financial

Bank

Stock

P/B

Yield

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BANKS & H.P.—Cont.

Bank

Stock

P/B

Yield

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Rel.

CHEMICALS, PLASTICS—Cont.

Stock

P/B

Yield

Div

Rel.

ENGINEERING—Continued

Stock

P/B

Yield

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TM

PE

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HOTELS AND CATERERS

Stock

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FINANCIAL TIMES

Saturday May 15 1982

HULL

for your next expansion development opportunity. Details from: Robin Dean M.A. (Cantab) MCIT, Director of Industrial Development, Kingston upon Hull City Council, 77 London, Hull HU1 1PF. Tel: 0482 222111

MAN IN THE NEWS

Balancing act at the BBC

BY CHRIS DUNKLEY

THIS WEEK Alasdair Milne was blooded with exceptional vigour in his capacity as Director-General of the BBC. He and the corporation's chairman, George Howard, faced the Tory backbenchers Media Committee to hear of their fury over the BBC's Falklands coverage, especially Monday's *Panorama*, which gave a platform to dissenting voices.

Ironically Milne does not succeed Sir Ian Trehowen as DG until August, but he explained "I'm in America, so I'm running the BBC." Hence his appearance before the committee, an experience he clearly found startling and distasteful. "The first time I spoke they barked 'Can't hear you,' so I said 'I'd speak up.' Then they shouted 'Still can't hear you. Stand up!' It was like being in Star Chamber. When they got really angry they started waving their order papers and growling like dogs." He grins, rueful at the memory but pleased with his simile.



Alasdair Milne
If politicians expected an apology they misjudged their man.

If the politicians expected their treatment to elicit an apology, they misjudged their man. A combative Scot who doesn't suffer fools gladly, ex-Winchester (he was head boy) and Oxford, Milne was one of the two from a thousand applicants to be selected as BBC "General Trainees" in 1954, and apart from the couple of renegade years in commercial broadcasting which seem almost mandatory for those seeking high office in the corporation, he has been there throughout his career. Were you to describe not only his feelings about BBC programmes but virtually about life in general "unapologetic" could serve.

Not that he is a publish-and-be-damned libertarian. Milne was personally responsible for preventing transmission of the plays *Scum* and *Brimstone and Treacle*, and when, as Director of Programmes, he hauled *Casanova '73* off the screen, he remarked: "There are moments when it's a positive pleasure to have this job and be able to take programmes like that off."

On the other hand, as a "child of Grace"—one of the bright young men who staffed Grace Wyndham Goldie's legendary current affairs department in the 1960s—he had earlier been made editor of *Tonight* and thus taken responsibility for driving *That Was The Week That Was* through the satire storms.

Now as then his predilection is for current affairs and while he will admit to occasional errors in within the BBC's Falklands coverage such as Peter Snow's words "If we are to believe the British . . ." he is insistent that as a whole the BBC has "done a very decent job."

He rejects the notion of British military theorists revealing anything useful to the enemy via television programmes ("Argentine intelligence just isn't that defective"). He accepts that in wartime the BBC may have to seek balance and individual programmes inserted of counterbalancing whole programmes one against another, and flatly denies accusations that the BBC is "aloof" or "softly neutral."

His reaction to the "bayonet" of some MPs verges on the contemptuous, but he would obviously be deeply worried if he believed the majority of viewers felt that the BBC had got it wrong. "Normally people only contact you to complain, very rarely to praise. The night after the Media Committee row we had 251 against us but 200 ringing in support. That's most unusual."

Far from his bloody initiation putting him off the job, Milne seems to relish the prospect more than ever.

Howe denies taxes hinder North Sea oil exploration

BY RAY DAFTER, ENERGY EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday hit back at oil industry critics who have complained that high taxes are hindering the development of North Sea oilfields.

He said that contrary to claims by the industry tax had not been the determining factor behind the postponement of several field development projects, each of which would entail investments of millions of pounds.

It was the "enormous" uncertainty about future oil prices that was making North Sea development unattractive, Sir Geoffrey told members of the Dundee and Tayside Chamber of Commerce.

Oil companies have complained that tax changes proposed in the March Budget were insufficient to make the development of small and medium-sized

fields economically attractive. But the Chancellor disclosed that he had looked carefully at the profitability of new developments under a variety of different assumptions on price levels and costs. The possibility of even lower prices had been considered.

"On these figures, I do not believe tax is making North Sea development unattractive," said Sir Geoffrey. "There are still attractive prospects."

He pointed out that he had proposed a small reduction in the total level of tax. A bigger cut, requested by the industry, would not have been justified. "Nor would it have led to a significantly higher level of development."

Sir Geoffrey also said that it was still the Government's intention to sell 51 per cent of the shares in British National Oil Corporation's exploration

Jetsave offered for sale at £3.5m

By Arthur Sanders

JETSAVE, the transatlantic travel subsidiary of Associated Communications, is to be offered for sale to the highest bidder. The initial price tag is £3.5m.

Next week, Mr Reg Pycroft, Jetsave's founder and managing director, will ask the ACC board to free him from any contractual obligations he had started to move forward. The economy had started to grow again.

"This is not the hot-house

product of government intervention to pump money demand into the economy," he said. "This is the result of increased output and improved performance in the private sector. The signs are encouraging."

BP pulls out of Finland, Page 2

U.S. inflation may remain low while output continues to fall

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. economy continued to decline last month. The depressed level of activity, however, may succeed for some time in keeping inflation down to a negligible level.

These were the implications of statistics on industrial production and wholesale prices for April published yesterday by the Federal Reserve Board and the Commerce Department. Industrial production fell by 0.6 per cent following 0.8 per cent reduction in March, while wholesale prices increased by 0.1 per cent, after two successive months of decline at the same 0.1 per cent rate.

The fall in production leaves industrial output 8.6 per cent below its July level, when the recession began. It was a little worse than expected by economists, who have been forecasting an early end to the recession. The April decline was, however, the best figure this year apart from a statistically anomalous increase of 1.4 per cent recorded in February.

Mr Alan Greenspan, a leading

economic forecaster, said yesterday it suggested the economy was no longer deteriorating, although it provided no evidence of an upturn or of strong recovery, as predicted by the Administration, later in the year.

The extremely small increase in wholesale prices continues a run of excellent news on inflation which began this winter.

The more closely watched Consumer Price Index fell by 0.3 per cent in March and because trends in wholesale prices normally take several months to work through to retail prices, the good news on April's wholesale prices suggests that retail inflation will remain low for some time to come.

Several economists predicted yesterday that retail inflation for 1982 as a whole may turn out to be less than 8 per cent. This was, until recently, the Administration's most optimistic projection and compares with 8.9 per cent inflation in 1981.

The run of negative or near-zero monthly inflation figures, however, may be ending. The April index was brought down by a 5.2 per cent fall in its energy components following the recent fall in world oil prices. The index for finished consumer goods other than food and energy rose by 0.6 per cent.

Mr Pycroft, who has been remarkably successful in its field, carrying more than 100,000 people a year to the U.S. and Canada, most of them on British Airways. So effective has this relationship with BA been that rival TWA has signed a similar deal with U.S.-based Travellers for the marketing of low cost seats.

The final move that made Mr Pycroft seek release from his contract was the open bidding policy adopted by ACC.

He said he wanted to make it clear that he would not be part of any sale deal that might be done.

The contract has another year to run and even after that he would not be allowed to start a rival operation. But, he says, "I do not intend leaving the stage."

It had been believed in the travel industry that Mr Pycroft's efforts to buy back Jetsave would be successful once the ACC group emerged from its takeover battles.

However, the collapse of first Laker and then Braniff has greatly increased the value of remaining operators like Jetsave in some eyes.

When ACC bought Jetsave it was assumed that the entertainment group would pump money into its new subsidiary and aid its expansion in areas other than transatlantic charter flights where it is the market leader. Instead, Jetsave quickly became a source of profits and cash flow for the group.

Successful

Jetsave has been remarkably successful in its field, carrying more than 100,000 people a year to the U.S. and Canada, most of them on British Airways. So effective has this relationship with BA been that rival TWA has signed a similar deal with U.S.-based Travellers for the marketing of low cost seats.

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He said he wanted to make it clear that he would not be part of any sale deal that might be done.

The answer may lie in a weapon system which drills a "hole" to the target with a laser beam, then fires a lethal particle beam through the hole, the institute suggests.

But it foresees "major problems" in designing power systems for the immense energy demands of speed-of-light weapons, as well as in the miniaturisation of the beam-making equipment (earthbound atom-smashers are enormous machines), and in beam pointing, tracking and attack assessment.

The U.S. is developing charged-particle beam weapons at its Lawrence Livermore Laboratory, under the Chair Heritage programme, and neutral-particle beam weapons under the White Horse programme at Los Alamos Laboratory.

USS Strategic Survey 1981-82, 23, Tavistock Street, London, WC2E 7NQ. £4.50.

Laser weapons 'by the 1990s'

BY DAVID FISHLOCK, SCIENCE EDITOR

LASER BEAM weapons capable of destroying nuclear warheads while they are still above the earth's atmosphere, 60 miles or more high, may be in operation by the early 1990s.

The International Institute for Strategic Studies in London says in its latest annual strategic survey that optimistic estimates suggest laser weapons would be operational in 10 to 15 years and particle-beam weapons in 20 years. They would form part of an anti-ballistic missile (ABM) defence system.

However, these developments might be shortened if a crash programme were deemed desirable," the institute says.

It notes that the Soviet Union is also at the forefront of beam-weapon technology but is "undoubtedly faced with the very real engineering problems that must be resolved before any operational weapon can be achieved."

The latest thinking about ABM defence seeks ways of destroying as many re-entry vehicles as possible above the atmosphere, greatly reducing the problem of intercepting missiles which survive re-entry.

Beams of atomic particles, whether electrically charged or uncharged, tend to "bloom" or lose their intensity and focus in the vacuum of outer space. Laser beams, on the other hand, tend to bloom in the atmos-

phere. The answer may lie in a weapon system which drills a "hole" to the target with a laser beam, then fires a lethal particle beam through the hole, the institute suggests.

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Continued from Page 1

Nott pledges on islands

concerned about unemployment but one or two proclaiming Argentine sympathies—and into the conference to the sound of an organ playing the Trumpet Voluntary. Her speech was followed by the Scottish Tories, singing Land of Hope and Glory and the National Anthem. It was clear that the Perth conference turned out to be every bit the morale boosting affair the Tories hoped it would.

The hellish elements in both speeches at Perth under-

line the Government's sensitivity to mounting suspicion within the Tory Party that the doves in the inner cabinet—Mr Francis Pym, the Foreign Secretary, and Mr William Whitelaw, Home Secretary—are preparing to make unacceptable concessions to the Argentines.

At the same time, Whitehall is anxious to dispel talk of the apparently widening rift between the doves and the inner cabinet hawks—the Prime Minister, Mr Nott, and Mr Cecil Parkinson, chairman of the Conservative Party—and yesterday was insisting that any differences centred on tactics, not strategy or policy.

Mr Pym said in London last night: "I wouldn't wish to be optimistic but on the other hand there is still hope." In an interview for French television, he also commented: "The negotiations are fairly sharp at the moment because (Sr Perez de Cuellar) sees each side every day."

Whether or not an invasion is ordered could depend partly on the nature of the breakdown of the UN's diplomatic initiative, if or when it comes. There is strong pressure for an invasion from sections of the Conservative Party, and it is believed from some parts of the military establishment.

But the Government will be concerned this weekend that if Britain does not appear to have made every effort to reach a settlement, and if failure can be laid at Britain's door, an invasion of the islands could produce a rapid erosion in international support for Britain.

However, British sources claim that the rest of the Argentine fleet, including the sole aircraft carrier, is within the 12-mile Argentine coastal waters, despite at least three British bombing raids.

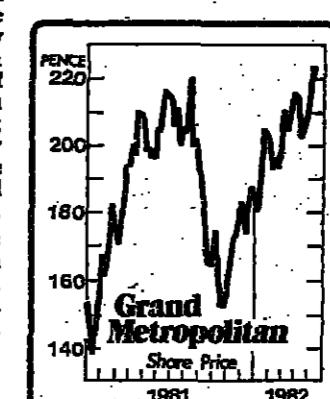
These attacks have also apparently been deeply worried if he believed the majority of viewers felt that the BBC had got it wrong. "Normally people only contact you to complain, very rarely to praise. The night after the Media Committee row we had 251 against us but 200 ringing in support. That's most unusual."

Far from his bloody initiation putting him off the job, Milne seems to relish the prospect more than ever.

THE LEX COLUMN

Quiet assault on the 600 level

Index rose 5.4 to 590.6



productivity improvement is now out of the way and beer volume is still heading down.

The group will presumably continue to sell off British hotels (disposals will bring in about £50m during the second half). Yet Grand Met will almost certainly need to supplement this programme with a modest rights issue. After the recent rally of the share price—they added another 5p to 223p yesterday—the prospective yield is not much above 5 per cent. So the time may almost be ripe.

Building Soc.

April seems to have been a more expansive month for the Building Societies, restoring their competitive position both as borrowers and as lenders.

Aided by the disappearance of the highly competitive 23rd issue savings certificate after the Budget, the societies were able to attract net receipts in April of £437m, almost two-thirds higher than in March.

At the same time, gross mortgage advances of £1.2bn—within a whisker of the record set last July—suggest that the clearing banks may temporarily have lost their initiative in the mortgage market. The societies believe that the banks' market share is now running at something like 20 per cent, roughly half the share of advances they achieved in the final quarter of 1981.

Not content to do battle on a single front, Barclays has decided to move from their strange monopoly as dispensers of cash on Saturday. By opening on Saturday mornings, the theory goes, Barclays will be able to attract new current account in large numbers—presumably from those who at present run "building society accounts instead, just for the convenient access to cash at the weekend.

Barclays' primary motive is to build up additional current balances, which will doubtless bear fruit. But the competition for retail funds will inevitably extend into interest-bearing time-deposits, where it would be necessary to compete with the societies on price. On this broader front, the one area where the banks have a clear advantage—as providers of money transmission facilities—may not count for much, against better rates from the societies.

Grand Metropolitan

Grand Metropolitan continues to delight its enthusiasts. In the face of miserable winter weather and a soaring interest rate, the group has reported a 10 per cent rise in pre-tax

Weather

UK TODAY

Sunny periods with some outbreaks of rain later. Warm to very warm.

London, SE, NW, Central

England, Midlands, Channel Islands, Lake District, SW, NW

Scotland, Central Highlands

Sunny, some showers later.

Max. 23C (73F).

SW England, Wales, Isle of

Man, N. Ireland

Sunny periods. Outbreaks of

rain. Max. 18C (64F).

NE, England, Borders, N.E.

Scotland, Orkney, Shetland

Sunny periods, later but cool with fog on the coast.

Max. 17C (63F).